

FISCAL YEAR

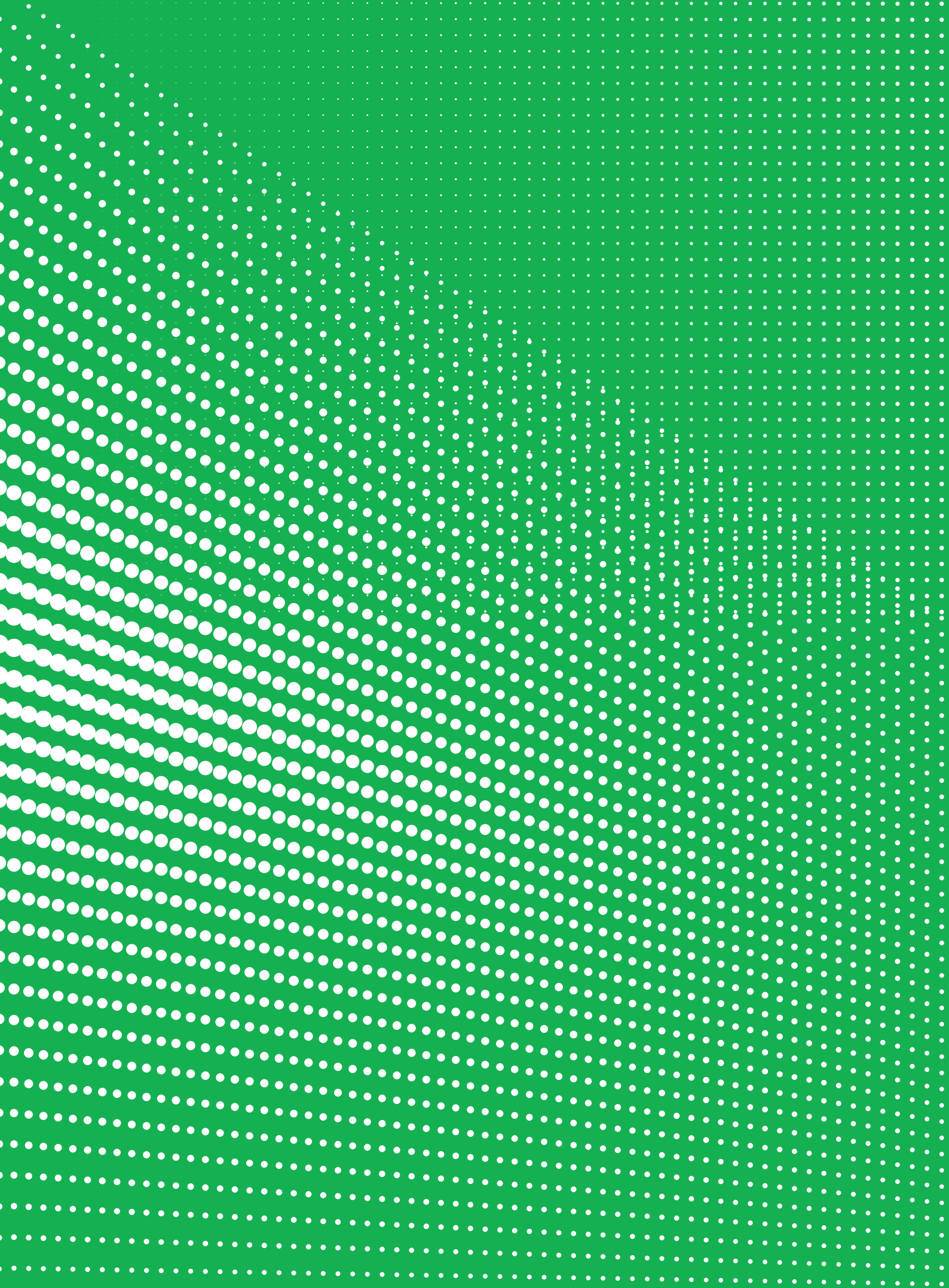
2024

ANNUAL REPORT



Alibaba Health Information  
Technology Limited

Incorporated in Bermuda with limited liability | Stock code: 00241



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# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHU Shunyan (*Chairman*) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023)

Mr. SHEN Difan (*Chief Executive Officer*) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023)

Mr. TU Yanwu

### Non-executive Directors

Mr. LI Faguang (resigned on May 15, 2023)

Ms. HUANG Jiaojiao (appointed on May 15, 2023)

Mr. XU Haipeng (appointed on October 19, 2023)

### Independent Non-executive Directors

Mr. LUO Tong (retired on August 11, 2023)

Mr. WONG King On, Samuel  
(retired on August 11, 2023)

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong (appointed on August 11, 2023)

Ms. WU May Yihong  
(appointed on August 11, 2023)

### Audit Committee

Ms. WU May Yihong (*Chairman*)  
(appointed on August 11, 2023)

Mr. WONG King On, Samuel (*Chairman*)  
(retired on August 11, 2023)

Mr. LUO Tong (retired on August 11, 2023)

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong (appointed on August 11, 2023)

### Remuneration Committee

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

Mr. LI Faguang (resigned on May 15, 2023)

Ms. HUANG Jiaojiao (appointed on May 15, 2023)

Mr. WONG King On, Samuel  
(retired on August 11, 2023)

Ms. WU May Yihong  
(appointed on August 11, 2023)

### Nomination Committee

Mr. ZHU Shunyan (*Chairman*)

Mr. LUO Tong (retired on August 11, 2023)

Mr. WONG King On, Samuel  
(retired on August 11, 2023)

Dr. SHAO Rong (appointed on August 11, 2023)

Ms. WU May Yihong  
(appointed on August 11, 2023)

## AUTHORIZED REPRESENTATIVES

Mr. SHEN Difan (appointed with effect from the close of business on November 28, 2023)

Mr. ZHU Shunyan (resigned with effect from the close of business on November 28, 2023)

Ms. CHUN Ka Yan (resigned on August 12, 2023)

Ms. TSUI Hiu Leong  
(appointed on August 12, 2023)

## COMPANY SECRETARIES

Ms. CHUN Ka Yan (resigned on August 12, 2023)

Ms. TSUI Hiu Leong  
(appointed on August 12, 2023)

Ms. DENG Yan (appointed on August 12, 2023)

## LEGAL ADVISOR

Fangda Partners



# CORPORATE INFORMATION

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## **AUDITOR**

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## **REGISTERED OFFICE**

Victoria Place  
5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

26/F, Tower One  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## **PRINCIPAL PLACE OF BUSINESS IN PRC**

65F, CITIC Tower  
Building 1, No.10 Courtyard, Guanghai Road  
Jianwai Subdistrict, Chaoyang District  
Beijing

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

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

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

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

## **PRINCIPAL BANKERS**

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

## **COMPANY WEBSITE**

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

# CHAIRMAN'S STATEMENT

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Dear fellow shareholders,

First of all, on behalf of the Board of Directors and Alibaba Health Information Technology Limited (the “**Company**” or “**Alibaba Health**”, together with its subsidiaries, the “**Group**”), I would like to take this opportunity to express our sincere gratitude to all of our shareholders and the general public for their continued interest and support.

Year 2023 marks the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. It was also the year when the economy transitioned to the stage of recovery and development after three years of COVID-19 prevention and control. China's economy demonstrated strong resilience, great potential and sufficient vitality, displaying a favorable recovery curve. 2023 was also a year in which the Internet healthcare industry continued to make solid strides toward standardized, high-quality development. In July 2023, the General Office of the State Council published the “Measures for Restoring and Expanding Consumption”<sup>^</sup> (關於恢復和擴大消費的措施) from the National Development and Reform Commission of the PRC, clearly proposing to enhance the consumption of healthcare services, develop “Internet + Healthcare” and gradually incorporate eligible “Internet +” healthcare services into the scope of medical insurance payment. In December 2023, the National Data Bureau and 16 other departments jointly issued the “Data Element ×” Three-Year Action Plan (2024-2026)<sup>^</sup> (「數據要素×」三年行動計劃(2024-2026年)), emphasizing that the value of healthcare data should be realized in an orderly manner, while strengthening the integration and innovation of healthcare data in the healthcare sector.

With the introduction of several national support policies for the Internet healthcare industry, coupled with the gradual improvement of industry regulation and rules, the “Internet + Healthcare” service model further optimized and took root in people's hearts. Meanwhile, the Internet healthcare sector has been flourishing. Empowered by technological development, it continuously launched better and safer Internet healthcare services to meet consumer demand, continuing to consolidate the overall capacity of the industry. China's Internet healthcare industry has entered a new stage of development, showing great vitality and potential.

As a leading Internet healthcare company, Alibaba Health is well aware of the responsibilities given by the times. In FY2024, Alibaba Health continued to expand its investment in technology and innovation, actively responding to relevant national policies and rules, fulfilling its responsibilities, firmly grasping the development opportunities brought by favorable policies, while continuing to actively explore the healthcare sector. Leveraging on our leading digital technology and operational capabilities, as the preferred platform for universal healthcare consumption, we continued to explore innovative modes of healthcare services, joining hands to develop with our partners in the ecosystem, with a view to dedicating ourselves to bringing multi-level and diversified healthcare services to each one of our users.

## REINFORCING THE CORE OF “CLOUD-BASED PHARMACIES” BY FULLY UTILIZING DIGITAL OPERATION CAPABILITIES

Leveraging on our resources and technological advantages accumulated over the years in the industry, our Tmall Healthcare Platform and pharmaceutical direct sales business have been growing at a steady pace, continuing to generate synergies. In the post-pandemic era, we continued to focus on changes in consumer demand, working with merchants to continuously expand product categories on the supply side, building new channels and new traffic conversion methods, continuously being the preferred platform for brand manufacturers to create trending product categories, so that they can achieve sustainable development. As at March 31, 2024, the Tmall Healthcare Platform had 300 million annual active users, serving more than 35,000 merchants, a year-on-year growth of 28%.

During the Reporting Period, we successfully completed the acquisition of the advertising operation rights of merchants in the healthcare categories of Tmall of Alibaba Group for a total consideration of HK\$13.5 billion. We believe that the synergies brought about by this acquisition will further improve the integrity of the business ecosystem of Alibaba Health, strengthen our market competitiveness and profitability, and provide more comprehensive and diversified support for the needs of healthcare merchants and consumers, thereby realizing a win-win situation for all parties.

In the past year, the direct sales business made solid progress. We continued to enhance our refined operational capabilities, efficiently integrating upstream and downstream resources, so as to achieve high growth in various categories and double-digit growth in online stock keeping units (“SKUs”). As the general public becomes increasingly health conscious in the post-pandemic era, the Group has been making further efforts to gain deeper insight into customers' needs, making front-end market preparations with merchants while continuing to create room for growth in the health industry. In the sector of prescription drugs, we cooperated with Huadong Medicine and Pfizer respectively to debut innovative solutions for the treatment of type 2 diabetes and alopecia areata online, providing consumers with more convenient and accessible choices. As at March 31, 2024, the cumulative membership of Alibaba Health's direct online stores reached 77 million. Meanwhile, we further optimized the layout of our pharmaceutical logistics network, maintaining a high standard capacity of services for next-day delivery of pharmaceuticals while further upgrading our next-day delivery experience in core cities such as Shanghai, Hangzhou, Suzhou, Wuxi and Changzhou, committing ourselves to providing our customers with more stable and convenient services.

# CHAIRMAN'S STATEMENT

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## **CONTINUOUSLY IMPROVING ONLINE SOLUTIONS WHILE ENHANCING THE “CLOUD-BASED HOSPITAL” ENGINE**

In FY2024, leveraging on its Internet hospitals as a network, Alibaba Health continued to upgrade and iterate its healthcare professional service experience. We continued to improve our service efficiency to meet user needs, creating an integrated online and offline healthcare service system, striving to promote a more balanced and efficient distribution of medical resources.

After the end of the pandemic, the public's awareness of health management further increased. The demand for healthcare became more refined. We continued to explore online scenarios for chronic disease management by expanding to 23 disease areas, making full use of the advantages of Internet technology to enhance medical efficiency and optimize service processes. As at March 31, 2024, we partnered with over 220,000 licensed physicians, pharmacists and nutritionists to provide online healthcare consulting services to our users. During the Reporting Period, the average daily number of online consultations, excluding prescriptions, exceeded 11,000. Meanwhile, we launched more new digital intelligence solutions for doctors. Through popularizing the capability of the video digital human and the big model follow-up platform, we helped doctors further enhance patient education and improve management efficiency. The Xiaolu TCM business continued to make solid progress. As at March 31, 2024, Xiaolu TCM had more than 120,000 registered TCM practitioners and 116 dispensing centers, covering 28 provinces and direct-administered municipalities, with its service network improved at an accelerated pace.

## **STRENGTHENING THE FOUNDATION OF “CLOUD-BASED INFRASTRUCTURE” BY ACTIVELY EXPLORING DIGITAL TECHNOLOGY EMPOWERMENT**

“Cloud-based infrastructure” has always been an important foundation of Alibaba Health's “three clouds” ecosystem. In FY2024, through in-depth cooperation with provincial and municipal pharmaceutical regulatory authorities, leveraging on advantages such as pharmaceutical metadata attributes and client coverage, our “Ma Shang Fang Xin”^ (碼上放心) tracking platform business actively explored more business scenarios, continuing to promote the coverage of the entire value chain from drug production, distribution to the terminals, while assisting pharmaceutical companies in fulfilling the digital and electronic requirements for corresponding distribution compliance. We actively responded to the guidance of the National Medical Products Administration, providing free aging services of drug instruction manuals for pharmaceutical companies, so as to further optimize customer service experience.

# CHAIRMAN'S STATEMENT

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As a technology innovation company with deep Internet backgrounds, Alibaba Health has always been committed to empowering consumer healthcare services through next-generation information technology means. In the past year, under the guidance of the regulatory authorities, our Alibaba Health self-researched big model made significant progress. Leveraging on the great amount of knowledge of medical products accumulated over years of e-commerce, combined with real scenario applications to continuously optimize knowledge and documents in the area of all-around healthcare, we continued to improve the satisfaction rate and accuracy of our services. During the Reporting Period, we developed Doctor U, an intelligent and one-stop platform for doctor and patient education underpinned by the large-scale technology, significantly optimising the work efficiency of doctors and the quality of the process, contributing to the industry's efforts to reduce costs and increase efficiency.

In FY2024, we continued to utilise our healthcare capabilities, playing an active role in corporate social responsibility and healthcare public services, continuing to help enhance the level of healthcare resources in villages. Through the health management units at the village entrance "Aidou Rehabilitation Homes"<sup>^</sup> (愛豆·康復健康小屋), we supported the development of village doctors' capacity in various aspects, including hardware, medical technology and management means. As at March 31, 2024, the homes served more than 50,000 people. The "Xiao Lu Lantern"<sup>^</sup> (小鹿燈) (Children's Serious Disease Relief Platform) project continued to gain momentum. We continued to expand on our existing "proactive assistance" model by launching a special leukaemia assistance programme, providing a green channel for children suffering from leukaemia to seek medical treatment.

In December 2023, the Central Economic Work Conference clearly proposed that it is important to adhere to the principles of pursuing progress while ensuring stability, consolidating stability through progress, and establishing the new before abolishing the old in 2024. Looking ahead to 2024, the demand for healthcare products and services is growing at a steady pace. The Internet healthcare service industry has entered a new situation and stage of prosperity while continuing to be standardized to achieve comprehensive development. Alibaba Health will actively respond to the national "Healthy China" strategy, always adhering to the original intention of making healthcare universally affordable and accessible. Meanwhile, Alibaba Health will continue to leverage on its leading digital technology and digital operation capabilities, so as to bring new momentum to the growth of the healthcare industry.

Our commitment and path remain unchanged. I would like to take this opportunity to once again thank all of our shareholders, partners, users, and people from all walks of life who have been staying with us for their continued support, understanding and assistance. We will continue to bring affordable healthcare services to a wider group of people, while making it our mission to safeguard public health.

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

**ZHU Shunyan**  
*Chairman*

May 27, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

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## BUSINESS REVIEW

Looking back at the financial year ended March 31, 2024 (“**FY2024**” or the “**Reporting Period**”), the “Internet + Healthcare” service model was further refined and well-received under the country’s multi-dimensional policy support. On July 28, 2023, the General Office of the State Council of the PRC published the “Measures for Restoring and Expanding Consumption” from the National Development and Reform Commission of the PRC, clearly proposing to enhance the consumption of healthcare services, develop “Internet + Healthcare”, further improve Internet diagnosis and treatment payment policy and gradually incorporate eligible “Internet +” healthcare services into the scope of medical insurance payment. As an important indicator of national economy and people’s livelihood, there has been a gradual improvement on the relevant policies which support “Internet +” online services within the healthcare sector. The coordination and integration of online and offline models will further enhance the convenience and effectiveness of relevant services. In terms of medical innovation, the National Data Bureau and 16 other departments jointly issued the “Data Element x” Three-Year Action Plan (2024-2026), clearly proposing that the value of healthcare data should be realised in an orderly manner, while strengthening the integration and innovation of healthcare data in the healthcare sector. Regarding the direction of the application of data elements, enterprises are encouraged to explore the implementation of new models in various applications such as future health management and primary healthcare. As the industry’s leader in innovation, Alibaba Health will follow the government’s supervision and guidance, while continuing the exploration in innovation in the health sector. During the Reporting Period, all business segments of the Company achieved sound development.

During the Reporting Period, the total revenue of the Group reached RMB27,026.6 million, representing a slight increase of 1.0% year-on-year given the high comparison base during the pandemic. Meanwhile, with the significant improvement in operating quality, our net profit for the Reporting Period reached RMB883.1 million, representing an increase of 64.6% year-on-year. As at March 31, 2024, the business of the Tmall Healthcare Platform continued to grow at a steady pace. The number of annual active users (those who made one or more actual purchase(s) on the platform within the past 12 months) reached 300 million. Tmall Healthcare Platform served over 35,000 merchants as at March 31, 2024, representing an increase of 28% year-on-year.

As at March 31, 2024, the cumulative membership of the Group’s direct online stores grew to 77 million, representing a growth in average revenue per user (“**ARPU**”) of over 17% year-on-year. Meanwhile, we continued to improve the experience of chronic disease users, with duration of therapy (“**DOT**”) hours growing by 7.6% year-on-year. During the Reporting Period, we further optimized the layout of our pharmaceutical logistics network, maintaining a high standard for next-day delivery of pharmaceuticals while enhancing logistics efficiency by upgrading from next-day delivery to next-day home delivery in core cities such as Shanghai, Hangzhou, Suzhou, Wuxi and Changzhou, committing ourselves to providing our customers with more stable and convenient next-day home delivery service. For the segment of medical and healthcare services, as at the end of the Reporting Period, more than 220,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of more than 20,000 professionals as compared to March 31, 2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period.



# MANAGEMENT DISCUSSION AND ANALYSIS

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As the flagship healthcare platform of Alibaba Group Holding Limited (“**Alibaba Holding**”, together with its subsidiaries, “**Alibaba Group**”), the Group upholds its original intention to make healthcare services affordable and accessible. The Group will continue to consolidate and strengthen its existing business foundations in healthcare, and actively explore innovative business models, promote industry development, and maintain a forward-looking approach towards the future to align with the evolving needs of its customers, while maintaining the highest industry standard of compliance and service quality. The Group will utilize its leading digital technology and digital operation capabilities, with “cloud-based infrastructure” as the foundation, “cloud-based pharmacy” as the core, and “cloud-based hospital” as the engine, to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

## **Pharmaceutical E-commerce Business**

The customer-centric pharmaceutical e-commerce business of the Group fully realized and made use of its brand advantages and resources accumulated over the years. Building on its strengths in e-commerce, big data and cloud computing, and based on a synergetic operation model that integrates the Tmall Healthcare E-commerce Platform and its pharmaceutical direct sales business and e-commerce advertisement business, the Group actively expands cooperations with recognized upstream pharmaceutical, nutritional, healthcare, medical device manufacturers and distributors, so as to provide a comprehensive suite of Internet integrated health solutions for users with health needs. During the Reporting Period, the Group completed the acquisition of the advertising operation rights of merchants in the healthcare categories of Tmall of Alibaba Group (for further details, please refer to the Company’s announcements dated November 28, 2023 and January 17, 2024). The acquisition further enhanced the business offerings of our platform models by integrating advertising services into the closed loop of health brand solutions, thereby improving the capacity of our services operation for product manufacturers and significantly enhancing the Company’s profitability.

- ***Pharmaceutical E-Commerce Platform Business – Tmall Healthcare Platform***

As a leading online pharmaceutical and healthcare products service platform in China, we continue to leverage Tmall Healthcare Platform’s digital capabilities during the Reporting Period, as it collaborated with partners to jointly explore new development trends within the sector, explore market opportunities and focus on user demand trends, with a view to providing users with more accessible and quality healthcare services. As at March 31, 2024, the number of annual active users (those who made one or more actual purchase(s) within the past 12 months) on the Tmall Healthcare Platform reached 300 million. Tmall Healthcare Platform served over 35,000 merchants as at March 31, 2024, representing an increase of 28% year-on-year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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In light of rising demands for healthcare consumption in the post-pandemic era, the Group continued to focus on user refinement operation, join hands with the industry to expand its business and products, enrich the supply, establish new channels and new traffic conversion methods, and revitalize the healthcare sector for new momentum. During the Reporting Period, Alibaba Health responded to the promotion and guidance of the government and regulatory authorities and continued to promote the Blue Cap mindset of “safer and more effective” health food products among its customers in the country. Through the release of white papers on trends, business alliances and other means, the layout of Blue Cap Health Food supply was accelerated. Meanwhile, through means such as cognitive education, Alibaba Health promoted Blue Cap Health Food products from both the supply and demand sides, thereby achieving growth in a rapid pace. Regarding the home devices categories, with the continuous advancement of technology, we accurately captured demand of the consumers and continued to develop trending categories while exploring more content channels, resulting in an average growth rate of over 35% for trending categories such as efficacious skincare.

The completeness of the platform business was improved by the injection of the advertising business. During the Reporting Period, the Group successfully acquired the exclusive advertising and marketing review rights of medical and health merchants on Alibaba Group’s Tmall platform through the issuance of shares and partial cash payment at a consideration of HK\$13.5 billion, as set out in the announcements of the Company dated November 28, 2023 and January 17, 2024. Leveraging on its extensive experience in health category operations and merchant insights, Alibaba Health enhanced merchant experience and satisfaction through its advertising services, providing more customized services to merchants while driving their business growth, thereby achieving a win-win situation for both parties.

- ***Pharmaceutical Direct Sales Business***

Adhering to its operation motto that highlights “authenticity, affordability, professionalism and reliability”, the Group’s pharmaceutical direct sales business is committed to providing consumers from Tmall, Taobao, Alipay, Ele.me and other segments with comprehensive and affordable healthcare services, including prescription drugs, over-the-counter (OTC) drugs, nutritional supplements, medical devices and contact lenses.

During the Reporting Period, the Group enhanced its operation refinement capability. However, due to the high comparison base during the pandemic, the pharmaceutical direct sales business recorded a revenue of RMB23,739.2 million, representing a slight increase of 0.6% year-on-year. During the Reporting Period, based on the consumers’ mindset, the Group joined hands with different manufacturers in the industry to expand its business and products, continuing to enrich the supply to meet the diversified demand of consumers. While continuing to improve the efficiency of category operations, online SKUs achieved double-digit growth. As at March 31, 2024, the number of annual active users of the Group’s direct online stores remained steady, with cumulative membership increasing to 77 million, and an ARPU growth rate of 17.2% year-on-year. Meanwhile, we continued to improve the experience of our chronic disease users, with DOT hours for chronic disease users increasing by 7.6% year-on-year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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During the Reporting Period, the Group enhanced its operational efficiency, integrated industry, suppliers and self-operated resources, offered hot-selling products, and achieved considerable growth in various categories, as demonstrated by the year-on-year growth of over 50% in revenue deriving from personal care, healthcare and massage equipment industry, as well as the year-on-year growth of 68.3% in revenue from protective gears (devices), each under pharmaceutical direct sales business. As part of the Group's effort to develop new categories, Alibaba Health Pharmacy added new categories of slow-health products such as pet healthcare and some functional skin care masks, delivering satisfactory result of growth.

As the general public becomes increasingly health conscious in the post-pandemic era, the Group has been making further efforts to gain deeper insight into customers' needs, making front-end market preparations with merchants while continuing to create room for growth in the health industry. In the sector of prescription drugs, the Group cooperated with Huadong Medicine to debut Liraglutide Injection, the first online domestic GLP-1 drug, to provide a new, more convenient and accessible treatment option for type 2 diabetes mellitus (T2DM) patients in the country. Meanwhile, we collaborated with Pfizer to launch Litfulo, the first and only innovative drug approved for the treatment of severe baldness in teenagers aged 12 and above and adults, providing consumers with a safer and more effective option.

During the Reporting Period, we further optimized the layout of our pharmaceutical logistics network, maintaining a high standard for next-day delivery of pharmaceuticals while actively enhancing logistics efficiency by continuously upgrading from next-day delivery to next-day home delivery in core cities such as Shanghai, Hangzhou, Suzhou, Wuxi and Changzhou, committing ourselves to providing our customers with more stable and convenient next-day home delivery service.

## Healthcare and Digital Services Business

During the Reporting Period, the Group continued to enhance users' experience of the professional healthcare services by providing its users with a seamless online-to-offline system of healthcare services (including traditional Chinese medicine ("TCM"), medical checkups, medical consultation, appointment-booking, vaccination, dental care, mental care, optometry and nursing) through a variety of terminals such as Tmall, Taobao, Alipay, AMap, DingTalk, Freshippo and Quark. As at March 31, 2024, over 220,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of more than 20,000 professionals as compared with the number as at March 31, 2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period. During the Reporting Period, revenue generated from the healthcare and digital services business amounted to RMB957.8 million, representing an increase of 2.6% year-on-year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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- **Healthcare Services**

Leveraging on its Internet hospitals as a network, the Group has fully utilized its technical advantages to improve the efficiency of medical services, optimize service process, and gradually consolidate its presence in the field of chronic disease management by expanding to 23 disease areas, with the addition of chronic disease areas such as women's health and atopic dermatitis. Meanwhile, Alibaba Health Internet hospitals launched more solutions, such as a new digital intelligence solution for doctors. Through popularizing the capability of the video digital human and the big model follow-up platform, doctors are helped to improve the refined management of patients, as well as to improve patient education efficiently. During the Reporting Period, we collaborated with the China Anti-Cancer Association to promote the popularization of guidelines and disease education in areas such as oncology and self-immunization. The business of Xiaolu TCM continued to grow steadily. As at March 31, 2024, Xiaolu TCM had more than 120,000 registered TCM practitioners, and the number of dispensing centers increased to 116, covering 28 provinces and direct-administered municipalities. In March 2024, Xiaolu TCM successfully launched the second edition of Gold Bianque Top 100 TCM Practitioners List<sup>^</sup> (金扁鵲中醫百強榜), a word-of-mouth-based ranking which selected nearly 700 reputable TCM practitioners across the country, thereby attracting wide attention from the society.

- **Digital Tracking Business**

"Ma Shang Fang Xin" tracking platform business continued to maintain a steady pace of development. During the Reporting Period, with the strengthened implementation of China's drug tracking policy for key drug varieties across the entire chain, the Group explored more business scenarios for its tracking business, including the coverage of the entire value chain from drug production, distribution to the terminals. Leveraging on the advantages such as the "one object, one code" metadata attributes of pharmaceutical products and client coverage, the "Ma Shang Fang Xin" platform completed the construction of data circulation and business synergy links with some of the leading operating enterprises while assisting the pharmaceutical companies in completing the digitization of the corresponding circulation compliance and other requirements. During the Reporting Period, the "Ma Shang Fang Xin" platform responded to the "Pilot Work Plan for Aging and Accessibility Reform of Drug Instruction Manuals"<sup>^</sup> (藥品說明書適老化及無障礙改革試點工作方案) launched by the National Medical Products Administration, providing free aging services of drug instruction manuals for pharmaceutical companies. Patients can scan the tracking code to access a large-print version of the digital manual and use the audio function for key information in the manual, thereby optimizing the customer service experience.

# MANAGEMENT DISCUSSION AND ANALYSIS

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In the field of healthcare large-scale model applications under the e-commerce scenario, we created the self-developed large-scale model of Alibaba Health by building on the huge healthcare product knowledge base accumulated over years in the e-commerce industry. With the advancing and optimizing applications of the healthcare knowledge and literature across the industry under the real scenario, the user satisfaction and accuracy of our customer services (pre-sales, in-sales and after-sales) in specific categories improved significantly. In terms of medical service, we developed Doctor U, an intelligent and one-stop platform for doctor and patient education underpinned by the large-scale technology, enabling doctors to establish their own intelligent platform for science popularisation creation and train their own AI models, thus significantly improving their work efficiency and process quality.

## Public Service

During the Reporting Period, the Group continued to assist in upgrading rural medical and healthcare resources. While providing direct assistance to rural villages through its own medical and healthcare capabilities, the Group also endeavoured to improve the foundation of local medical equipment and strengthen the training and capacity enhancement of medical personnel. As at March 31, 2024, over RMB39 million has been invested in the “Xiao Lu Lantern” (Children’s Serious Disease Relief Platform) project. We continued to expand on our existing “proactive assistance” model by launching a special leukaemia assistance programme, providing a green channel for children suffering from leukaemia, so that they can receive genetic testing and targeted drug therapy as part of the necessary diagnosis and treatment. The new model won the 18th People’s Corporate Social Responsibility Award for Case of the Year^ (第十八屆人民企業社會責任評選年度案例獎) in FY2024. Joining hands with the Ling Feng Foundation of Beijing, Alibaba Health Philanthropy and Alibaba Foundation created “Aidou Rehabilitation Homes” in FY2024, a health management unit at the village entrance in the county. The project supported the development of village doctors’ capacity in various aspects, including hardware, medical technology and management means. As at March 31, 2024, “Aidou Rehabilitation Homes” had served more than 50,000 people.

## Future Prospects

FY2024 is a year of challenges and opportunities. Macro and geopolitical factors have brought challenges to the industry, but also more opportunities. As the industry’s leading digital health management company, taking user value as the starting point and building on the long-accumulated experience in service capabilities and leading technology innovation of the Internet healthcare industry, we will continue to empower the “cloud-based pharmacy”, “cloud-based hospital” and “cloud-based infrastructure” strategies, so as to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

# MANAGEMENT DISCUSSION AND ANALYSIS

For pharmaceutical e-commerce business, guided by the principle of placing user value at the core, we will continue to optimize our operational efficiency and digitalization capabilities. Joining hands with our partners within the ecosystem, we will continue to provide users with more affordable and accessible services, aspiring to become the preferred platform for health consumption for all. Meanwhile, we will actively operate our new advertising business, providing one-stop services to brands and merchants with a complete platform model, so that we can grow together and create new momentum for the growth of the healthcare industry. In the area of medical services, we will continue to explore innovative modes of medical and healthcare services, with a view to providing patients with multi-level and diversified medical services. Under the support of national policies, we will continue to develop the “cloud-based infrastructure” strategy, assisting the regulatory authorities in the exploration of the application scenarios of AI large speech models in the healthcare verticals, so as to enhance the performance of the industry.

As a leading player in the health services industry, the Group will always uphold its original intention to make health services affordable and accessible, with a focus on its users’ underlying needs, and utilize its leading digital technology and digital operation capabilities, so as to achieve the development vision of “becoming a digital health management company serving 500 million people within five years”.

## FINANCIAL REVIEW

The key financial data of the Group for the years ended March 31, 2024 and 2023 is summarized as follows:

	2024 RMB'000	2023 RMB'000 (Restated)	Change %
Revenue	27,026,555	26,763,016	1.0
Gross profit	5,895,321	5,701,334	3.4
Gross profit margin	21.8%	21.3%	N/A
Fulfilment	(2,413,212)	(2,907,137)	(17.0)
Sales and marketing expenses	(1,776,564)	(1,768,675)	0.4
Administrative expenses	(359,980)	(379,487)	(5.1)
Product development expenses	(705,382)	(677,822)	4.1
Other income and gains	674,755	618,069	9.2
Other expenses and losses	(363,644)	(40,836)	790.5
Share of profits of joint ventures	1,039	48,981	(97.9)
Share of losses of associates	(6,965)	(37,600)	(81.5)
Income tax expense	(56,263)	(14,485)	288.4
<b>Profit for the year</b>	<b>883,136</b>	536,509	64.6
<b>NON-HKFRS ADJUSTMENTS</b>			
Adjusted net profit	1,437,928	753,615	90.8



# MANAGEMENT DISCUSSION AND ANALYSIS

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## – Revenue

Revenue of the Group for the Reporting Period amounted to RMB27,026,555,000, representing an increase of RMB263,539,000 or 1.0% as compared with RMB26,763,016,000 for the Corresponding Period. The increase in revenue was mainly attributable to the continued steady development of the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business during the Reporting Period.

### – *Pharmaceutical Direct Sales Business*

The pharmaceutical direct sales business of the Group primarily comprises the direct business-to-customer (“B2C”) retail and advertisement related business. During the Reporting Period, the overall revenue from the pharmaceutical direct sales business reached RMB23,739,246,000, representing an increase of 0.6% year-on-year. The growth in revenue from the pharmaceutical direct sales business was mainly attributable to the constant enrichment of categories of goods sold through the direct B2C retail and SKUs, as well as the continuous optimization of users’ experience by adopting a number of measures, such as improving information security and providing more professional consultation services.

### – *Pharmaceutical E-commerce Platform Business*

The pharmaceutical e-commerce platform business of the Group comprises the e-commerce platform business acquired from Alibaba Group (including categories of, among others, pharmaceutical products, healthcare food, medical devices, adult and family planning products, contact lenses, and medical and healthcare services and other categories of e-commerce platform business), and the provision of outsourced services to Tmall Healthcare Platform (in respect of categories other than those that have already been acquired) and the new pharmaceutical retail business. During the Reporting Period, the Group completed the acquisition of the operational rights for advertising of merchants under the healthcare categories on Alibaba Group’s Tmall platform. By incorporating advertising services into the solution portfolio for healthcare brands, it further improved the completeness of the platform’s business model. The total revenue of the above businesses amounted to RMB2,329,471,000, representing an increase of 4.1% year-on-year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## – *Healthcare and Digital Services Business*

During the Reporting Period, the Group continued to penetrate the areas of Internet healthcare and healthcare service, and leveraged on the ability of Alibaba Holding's ecosystem to acquire user traffic, offer multi-level, diversified, professional and convenient medical and healthcare services, including medical checkups, medical consultation, appointment-booking, vaccination, TCM, oral care, psychological health, optometry, and nursing, to end users from a wide range of channels, such as Taobao, Tmall, Alipay, AMap, DingTalk, Freshippo and Quark, with seamless online-to-offline operation. Digital services business includes tracking business and "Ma Shang Fang Xin", the Group's proprietary tracking platform, continued to grow steadily, by offering more value-added services with further penetration into the area of distribution and increasing the coverage of retail terminals. During the Reporting Period, the Group recorded a revenue of RMB957,838,000 from the healthcare and digital services business, representing a growth of 2.6% year-on-year.

## – **Gross profit and gross profit margin**

The Group recorded a gross profit of RMB5,895,321,000 for the Reporting Period, representing an increase of RMB193,987,000 or 3.4% from RMB5,701,334,000 for the Corresponding Period. Gross profit margin for the Reporting Period was 21.8%, representing an increase as compared with 21.3% for the Corresponding Period. This was mainly attributable to the Group's penetration in the areas of operation refinement and digital upgrades during the Reporting Period, resulting in an optimization in operating efficiency and an improvement in pricing capabilities.

## – **Fulfilment**

Warehousing, logistics and customer service expenses, commissions on the Tmall Healthcare Platform, payment of handling fees and relevant staff costs incurred by the Group's pharmaceutical direct sales business were included in fulfilment costs. Fulfilment costs for the Reporting Period amounted to RMB2,413,212,000, representing a decrease of RMB493,925,000 or 17.0% from RMB2,907,137,000 for the Corresponding Period. During the Reporting Period, fulfilment costs as a proportion of the revenue generated from pharmaceutical direct sales business decreased by approximately 2.1% to 10.2%, as compared with 12.3% for the Corresponding Period, reflecting an improvement in the Group's operational efficiency in areas such as warehousing, logistics and customer services.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## – Sales and marketing expenses

Sales and marketing expenses for the Reporting Period amounted to RMB1,776,564,000, representing an increase of RMB7,889,000 or 0.4% as compared with RMB1,768,675,000 for the Corresponding Period, remaining relatively steady year-on-year the previous year.

## – Administrative expenses

Administrative expenses for the Reporting Period amounted to RMB359,980,000, representing a decrease of RMB19,507,000 or 5.1% as compared with RMB379,487,000 for the Corresponding Period, benefiting from cost controls and the continuing effect of the economies of scale.

## – Product development expenses

Product development expenses for the Reporting Period amounted to RMB705,382,000, representing an increase of RMB27,560,000 or 4.1% as compared with RMB677,822,000 for the Corresponding Period, which was mainly due to the fact that during the Reporting Period, the Group increased its investment in technological research and development in areas such as operation refinement of its pharmaceutical direct sales business and large language model, in order to continuously facilitate the steady growth of various business segments.

## – Other income and gains

Other income and gains for the Reporting Period amounted to RMB674,755,000, which primarily comprised interest income and gain on disposal of investments incurred during the year. The increase from RMB618,069,000 for the Corresponding Period was mainly due to the increase in interest income received during the Reporting Period.

## – Other expenses and losses

During the Reporting Period, other expenses and losses amounted to RMB363,644,000, which primarily comprised changes in fair value of financial assets at fair value through profit or loss (“**FVPL**”). The increase from RMB40,836,000 for the Corresponding Period was mainly due to the loss in fair value of financial assets at FVPL during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## – Share of profits of joint ventures

Share of profits of joint ventures represents the share of net operating results of the joint venture held as to 13.7% by the Group, Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership)^ (江蘇紫金弘雲健康產業投資合夥企業(有限合夥)). For the Reporting Period, the Group's share of profits of joint ventures was RMB1,039,000, as compared with RMB48,981,000 for the Corresponding Period.

## – Share of losses of associates

The Group actively invests in the healthcare segment. The Group's share of losses of associates for the Reporting Period amounted to RMB6,965,000, representing a decrease of RMB30,635,000 as compared with the losses of RMB37,600,000 recorded for the Corresponding Period. Share of losses of associates for the year was mainly attributable to the fact that the progress of projects undertaken by some of the Group's associates engaged in providing services to hospitals was delayed due to the impact of COVID-19, and that some associates were still at the transformation or growing stage.

## – Non-Hong Kong Financial Reporting Standard indicator in relation to profit for the year: Adjusted net profit

The Group's profit for the Reporting Period amounted to RMB883,136,000, as compared with a profit of RMB536,509,000 for the Corresponding Period. The Group's adjusted net profit for the Reporting Period amounted to RMB1,437,928,000, as compared with an adjusted net profit of RMB753,615,000 for the Corresponding Period. Adjusted net profit is based on the profit for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets at FVPL (net of tax), gain on deemed disposal of associates (net of tax), gain on partial disposal of an associate (net of tax) and loss on deregistration of subsidiaries (net of tax). The adjusted net profit for the Reporting Period recorded an increase of RMB684,313,000, mainly attributable to the continuous growth in the number of users on pharmaceutical direct sales business platforms, the operation refinement of the Group's business which has improved its bargaining and pricing capabilities and enhanced its operational efficiency, and the improvement in efficiency and cost sharing driven by the economies of scale on the platform.

# MANAGEMENT DISCUSSION AND ANALYSIS

To supplement the Group's consolidated financial statements presented in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the Group has also reported its adjusted net profit, which is not required under, or presented in accordance with, HKFRSs, as an additional financial indicator. The Group believes that presenting the non-HKFRS indicator together with the relevant HKFRS indicator will facilitate investors to compare its operational performance across various periods by removing the potential impact of items which its management considers as not indicative of its operational performance. The Group believes that the non-HKFRS indicator provides investors and others with helpful information to understand and assess its consolidated operational results in the same way that its management does. However, the presentation of adjusted net profit may not be comparable with similar indicators presented by other companies. Such non-HKFRS indicator has its limitations as an analytical tool, and it should not be considered as being independent of the operational results or financial position presented under HKFRSs, or as a substitute for analysing the relevant operational results or financial position. In addition, the definition of such non-HKFRS indicator may differ from the definitions of similar indicators used by other companies.

The adjusted net profit for the years ended March 31, 2024 and 2023 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 for the year):

	<b>For the year ended March 31,</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Profit for the year	<b>883,136</b>	536,509
Excluding		
– Share-based compensation expenses	<b>266,059</b>	308,890
– Fair value losses/(gain) on financial assets at FVPL, net of tax	<b>341,588</b>	(43,834)
– Gain on deemed disposal of associates, net of tax	<b>(18,066)</b>	(32,123)
– Gain on partial disposal of an associate, net of tax	<b>(34,789)</b>	(17,135)
– Loss on deregistration of subsidiaries, net of tax	–	1,308
Adjusted net profit	<b>1,437,928</b>	753,615

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

For the Reporting Period, the Group met its cash requirements primarily through cash generated from operating activities. The Group's cash and cash equivalents represent cash and bank balances. As at March 31, 2024 and March 31, 2023, the Group's cash and cash equivalents amounted to RMB9,553,110,000 and RMB10,917,171,000, respectively.

Cash flows of the Group for the years ended March 31, 2024 and 2023 were as follows:

	For the year ended March 31,	
	2024 RMB'000	2023 RMB'000
Net cash flows generated from operating activities	1,079,832	255,690
Net cash flows used in investing activities	(4,880,900)	(532,436)
Net cash flows used in financing activities	(1,982,395)	(111,278)
Net decrease in cash and cash equivalents	(5,783,463)	(388,024)
Cash and cash equivalents at the beginning of the year	9,236,850	9,341,427
Effects of exchange rate changes	36,782	283,447
Cash and cash equivalents at the end of the year	3,490,169	9,236,850
Non-pledged time deposits with a holding period of over three months	6,062,941	1,680,321
Cash and cash equivalents at the end of the year as stated in the consolidated financial statements	9,553,110	10,917,171



# MANAGEMENT DISCUSSION AND ANALYSIS

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

For the Reporting Period, net cash flows generated from operating activities amounted to RMB1,079,832,000, primarily attributable to profit before income tax from continuing operations of RMB939,399,000, as adjusted by: (i) non-cash or non-operating activities expense items, which primarily comprised the addition of share-based compensation expenses of RMB266,059,000, the addition of losses on financial assets at FVPL of RMB349,854,000, and the deduction of bank and other interest income of RMB478,030,000; (ii) changes in working capital, which primarily comprised a decrease in trade and bills payables of RMB363,481,000, an increase in prepayments, other receivables and other assets of RMB180,158,000, a decrease in other payables and accruals of RMB127,953,000, an increase in contract liabilities of RMB59,617,000, a decrease in inventories of RMB614,096,000, an increase in trade receivables of RMB211,492,000, and an increase in restricted cash of RMB128,144,000; and (iii) addition of interest received of RMB232,246,000.

## **Net cash flows used in investing activities**

For the Reporting Period, net cash used in investing activities amounted to RMB4,880,900,000, which was primarily attributable to the increase of the time deposits with original maturity of over three months of RMB4,270,918,000, net cash used in the payment of acquisition activities of RMB131,027,000 and net cash used in the purchase of long-term time deposits of RMB694,000,000 during the Reporting Period.

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

For the Reporting Period, net cash flows used in financing activities was RMB1,982,395,000, which was primarily attributable to the net outflow of cash and cash equivalents of RMB1,838,771,000 used in the acquisition of subsidiaries under common control, the principal portion of lease payments of RMB39,934,000 and the payment of RMB104,568,000 for repurchase of shares of the Company by the trustee of the share award scheme of the Company during the Reporting Period.

## **Gearing ratio**

As at March 31, 2024, the Group did not have any borrowings, and hence no gearing ratio was shown (March 31, 2023: Nil).

## **Charged on assets and contingent liabilities**

As at March 31, 2024, the Group did not have any material contingent liabilities and had not pledged any Group assets for bank loans and banking facilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Liquidity

The Group's operations and transactions are principally conducted in the PRC. The Group prudently managed its treasury functions and maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet the Group's funding requirements from time to time.

## Foreign exchange exposures

Except for a certain amount of bank balances and cash, most of the Group's bank balances and cash are placed in fixed deposits and are denominated in Hong Kong dollars, Renminbi and United States dollars, while other assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. The Group 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 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 March 31, 2024 was 1,435 (March 31, 2023: 1,560). Total staff costs of the Group for the Reporting Period amounted to RMB1,097.3 million (for the Corresponding Period: RMB1,223.0 million). All staff employed by the Group in Hong Kong participated in the Mandatory Provident Fund Scheme.

The Group's policy is to maintain a competitive pay structure and its employees are rewarded based on their performance. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group continuously provides tailored trainings to its employees.

The Group also adopted a share award scheme (the "**Share Award Scheme**") as approved by the shareholders of the Company (the "**Shareholders**") on November 24, 2014 and amended on August 11, 2023. Pursuant to the Share Award Scheme, the Board may grant awards in the form of restricted share units ("**RSUs**") or options ("**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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company has its own treasury policy setting out the selection guidelines and relevant approval procedures for acceptable short-term investments and financial assets with reference to its risk management policy. According to such treasury policy, the Company can invest in products including non-equity financial asset investments with strong liquidity which can be realized either at any time or within a short period of time. According to the Company's prevailing approval procedures, any investment decision related to financial assets shall be approved by the financial and treasury manager of the Company, and shall, depending on the size of the investment, be approved by the financial controller or chief financial officer. As at March 31, 2024, the Company did not have any short-term investment at FVPL (balance as at March 31, 2023: Nil).

During the Reporting Period, the Company completed the acquisition of the entire issued share capital of AJK Technology Holding Limited. For details, please refer to the paragraph headed "(a) Connected Transaction – Share Purchase Agreement" in the section headed "Directors' Report".

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

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

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

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

# DIRECTORS' REPORT

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The Board of Alibaba Health Information Technology Limited presents its report and the audited financial statements for the Reporting Period.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

## BUSINESS REVIEW

### Review of Business

A review of the Group's business is set out in this report, including the principal risks and uncertainties faced by such business which are described under the paragraph headed "4. Disclosure of Material Risks" in the section headed "Risk Management and Internal Control" of this report on pages 102 to 104 and the paragraph headed "Risks associated with the Contractual Arrangements and the actions taken by the Group to mitigate the risks" in the section headed "Directors' Report" of this report on pages 66 to 67, and its possible future development is described under the paragraph headed "5. Outlook and Key Actions for FY2025" in the section headed "Risk Management and Internal Control" of this report on page 105.

### Analysis of Performance and Financial Position

The key financial figures and financial position of the Group for the Reporting Period and the relevant analysis are set out under the paragraphs headed "Financial Review" and "Financial Resources, Liquidity and Foreign Exchange Exposures", respectively, in the section headed "Management Discussion and Analysis" of this report on pages 14 to 19 and pages 20 to 22, respectively.

### Environmental Policies and Performance

The Group is committed to promoting environmentally friendly business practices and raising awareness on the conservation of natural resources. By utilizing intranet systems, our staff can accomplish some of their administrative work electronically which reduces the use of office supplies. We also encourage prudent electricity consumption. Our staff are advised to switch off any lights in unoccupied areas. We believe that taking active measures in minimizing wasteful material and energy consumption in the course of conducting our business will not only bring economic benefits but also assist in the preservation of the natural environment.

## **Compliance with Laws and Regulations**

The Group recognizes the importance of compliance with legal and regulatory requirements. Internal compliance and risk management policies and procedures are in place to ensure the Group's adherence and compliance with all significant and applicable legal and regulatory requirements in Hong Kong and the PRC. During the Reporting Period and up to the date of this report, to the best knowledge of the Directors, the Group has complied in all material respects with the applicable laws and regulations of Hong Kong and the PRC which have a significant impact on the business and operations of the Group, including in respect of its principal businesses (namely the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business), its employment and labor practices and environmental protection, etc. The Group has also obtained all licenses, approvals and permits from the relevant regulatory authorities that are material for its business operations in the PRC.

## **Relationships with Key Stakeholders**

The Group's success depends on the support from the key stakeholders which include its employees, customers and suppliers.

### ***Employees***

Employees are regarded as the most important and valuable assets of the Group. The number of full-time employees of the Group as at March 31, 2024 was 1,435 (1,560 as at March 31, 2023). The Group's policy is to maintain a competitive pay structure and employees are rewarded based on their performance and with appropriate incentives including cash bonuses and through the use of the Share Award Scheme, details of which are set out under the paragraph headed "Share Award Scheme" in the section headed "Directors' Report" of this report on pages 33 to 39.

### ***Customers***

The Group believes that effective communications are the key to maintaining a good relationship with its customers. Various means have been established to strengthen the communications between the Group and its customers, including seeking more regular feedback through direct engagement with customers and also through industry seminars and forums for better understanding of industry trends and demands. The Group continually strives to improve service quality and to provide better customer experience.

### ***Suppliers***

Sound relationships with key suppliers of the Group are important in managing the supply chain, meeting business challenges and complying with regulatory requirements, which can drive cost effectiveness and foster long-term business benefits. We seek to develop long-standing relationships with our key suppliers and to explore with them ways to improve supply chain efficiencies.

# DIRECTORS' REPORT

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## RESULTS AND DIVIDENDS

The Board does not recommend the payment of a final dividend for the Reporting Period (for the Corresponding Period: Nil).

The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 228. This summary does not form part of the audited financial statements.

## SHARE CAPITAL, SHARE OPTIONS AND RSUS

Details of movements in the Company's share capital, share options and RSUs during the Reporting Period are set out in notes 28 to 29 to the consolidated financial statements.

## 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 in May 2023 and March 2024, a trustee of the Share Award Scheme purchased a total of 33,018,000 ordinary shares of the Company (the "Shares") on the market for a total consideration of approximately HK\$113,672,000 (equivalent to approximately RMB104,568,000), to satisfy the share awards granted under the Share Award Scheme to the employees of the Company upon vesting.

## ISSUE OF CONSIDERATION SHARES

On January 17, 2024, the Company allotted and issued an aggregate 2,558,222,222 Shares to Taobao Holding Limited as partial consideration for the acquisition of the entire share capital in AJK Technology Holding Limited under specific mandate that was granted by the Shareholders. For details, please refer to the announcements of the Company dated November 28, 2023 and January 17, 2024 and the circular of the Company dated December 22, 2023. The issue of consideration Shares did not generate any proceeds to the Company in terms of cash.



## ISSUE FOR CASH OF EQUITY SECURITIES

### Placing of New Shares under General Mandate

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

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

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

# DIRECTORS' REPORT

As at March 31, 2024, the Group had applied the Placing Net Proceeds as follows:

Use of Placing Net Proceeds	Planned use of Placing Net Proceeds as disclosed in the Placing Announcements	Total amount of Placing Net Proceeds utilized as at March 31, 2023	Actual use of Placing Net Proceeds for the Reporting Period	Unutilized Placing Net Proceeds	Expected timeframe for utilizing the Placing Net Proceeds <sup>(Note)</sup>
Develop the Group's pharmaceutical and healthcare omni-channel business and medical and healthcare services business	Approximately HK\$7,971.4 million–HK\$8,967.8 million	HK\$3,950.1 million	HK\$3,474.1 million	HK\$547.2 million–HK\$1,543.6 million	March 31, 2024–March 31, 2027
Further develop the Group's digital infrastructure and innovative business	Approximately HK\$996.4 million–HK\$1,992.8 million	HK\$892.5 million	HK\$199.6 million	HK\$0 million–HK\$900.7 million	March 31, 2024–March 31, 2027

*Note:*

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

Save as disclosed above and the Options exercised by the relevant grantees under the Share Award Scheme as disclosed in this report, the Company had not issued for cash any equity securities (including securities convertible into equity securities) for the Reporting Period and no other proceeds has been brought forward from any issue of securities for cash as at March 31, 2024.

## DEBENTURES

During the Reporting Period, the Company did not issue any debentures.

## EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreements in respect of its shares.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

## DISTRIBUTABLE RESERVES

The Company did not have any reserves available for distribution at the end of the Reporting Period. However, the Company's share premium account, in the amount of approximately RMB51,374,724,000, may be distributed in the form of fully paid bonus Shares.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

For the purpose of disclosing the environmental, social and governance (the "ESG") information in accordance with the ESG Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Company has engaged an external consultant to identify material ESG issues of the Group and assist in the reporting of the Group's performance based on its ESG management approach, strategy, priorities and objectives. For details of the Company's ESG policies and performance and its compliance with the relevant laws and regulations, please refer to pages 24 to 25 of this report.

# DIRECTORS' REPORT

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## DIRECTORS

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

### Executive Directors:

Mr. ZHU Shunyan (*Chairman*) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023)

Mr. SHEN Difan (*Chief Executive Officer*) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023)

Mr. TU Yanwu

### Non-executive Directors:

Mr. LI Faguang (resigned on May 15, 2023)

Ms. HUANG Jiaojiao (appointed on May 15, 2023)

Mr. XU Haipeng (appointed on October 19, 2023)

### Independent Non-executive Directors:

Mr. LUO Tong (retired on August 11, 2023)

Mr. WONG King On, Samuel (retired on August 11, 2023)

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong (appointed on August 11, 2023)

Ms. WU May Yihong (appointed on August 11, 2023)

Since the date of the annual report on May 23, 2023 for the Corresponding Period and up to the date of this report, the changes to the information which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules is as below:

On May 15, 2023, Mr. LI Faguang ceased to serve as a non-executive Director and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). On the same date, Ms. HUANG Jiaojiao was appointed and has taken over the above duties. For details, please refer to the announcement of the Company dated May 15, 2023. Ms. HUANG Jiaojiao has obtained legal advice referred to Rule 3.09D of the Listing Rules on May 18, 2023 and has confirmed she understood her obligations as a Director.

# DIRECTORS' REPORT

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On August 11, 2023, Mr. LUO Tong ceased to serve as an independent non-executive Director, a member of each of the audit committee (the “**Audit Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company; and Mr. WONG King On, Samuel ceased to serve as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. On the same date, Dr. SHAO Rong was appointed as an independent non-executive Director and a member of each of the Audit Committee and the Nomination Committee; and Ms. WU May Yihong was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. For details, please refer to the announcement of the Company dated August 11, 2023. Dr. SHAO Rong has obtained legal advice referred to Rule 3.09D of the Listing Rules on August 16, 2023 and has confirmed she understood her obligations as a Director. Ms. WU May Yihong has obtained legal advice referred to Rule 3.09D of the Listing Rules on August 11, 2023 and has confirmed she understood her obligations as a Director.

On October 19, 2023, Mr. XU Haipeng has been appointed as a non-executive Director. For details, please refer to the announcement of the Company dated October 19, 2023. Mr. XU Haipeng has obtained legal advice referred to Rule 3.09D of the Listing Rules on November 3, 2023 and has confirmed he understood his obligations as a Director.

With effect from the close of business on November 28, 2023, (i) Mr. ZHU Shunyan ceased to serve as the chief executive officer of the Company (the “**Chief Executive Officer**”) and one of the authorized representatives of the Company under the Listing Rules (the “**Authorized Representative(s)**”); and (ii) Mr. SHEN Difan has been appointed as the Chief Executive Officer and one of the Authorized Representatives. For details, please refer to the announcement of the Company dated November 28, 2023.

With effect from December 2023, Dr. Shao Rong was appointed as an independent director of Shanghai InnoStar Bio-tech Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: A06142). Her term as an independent director of I-Mab, a company listed on the Nasdaq Global Market (stock symbol: IMAB) ended on June 27, 2024.

With effect from May 15, 2024, Ms. WU May Yihong was appointed as an independent director and chairperson of the audit committee of MakeMyTrip Limited, a company listed on the Nasdaq Global Market (stock symbol: MMYT).

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

In accordance with bye-law 84(1) and (2) of the bye-laws of the Company (the “**Bye-Laws**”), Ms. HUANG Yi Fei (Vanessa), Dr. SHAO Rong and Ms. WU May Yihong will retire at the forthcoming annual general meeting of the Company (the “**2024 AGM**”). All of them being eligible, will offer themselves for re-election at the 2024 AGM. Mr. XU Haipeng, who was appointed as a non-executive Director on October 19, 2023, shall hold office only until the 2024 AGM in accordance with bye-law 83(2) of the Bye-Laws. Being eligible, Mr. XU Haipeng will offer himself for re-election at the 2024 AGM.

# DIRECTORS' REPORT

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The non-executive Directors and independent non-executive Directors are appointed for a term of one year. Their appointment shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of their appointment unless terminated by the Company in accordance with the terms of their appointment letters and the provisions of the Bye-Laws, respectively.

During the Reporting Period and up to the date of this report, (i) the Company had three independent non-executive Directors representing at least one-third of the Board; and (ii) the composition of each of the Board, the Audit Committee and the Remuneration Committee was fully compliant with Rule 3.10(1), Rule 3.10A, Rule 3.21 and Rule 3.25 of the Listing Rules. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and accordingly considers them to be independent.

## **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the Directors and the senior management of the Group are set out on pages 73 to 78 of this report.

## **DIRECTORS' SERVICE CONTRACTS**

No Director proposed for re-election at the 2024 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' REMUNERATION**

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. The details of the Directors' emoluments are set out in note 7 to the consolidated financial statements in this report. During the Reporting Period, there was no arrangement under which a Director waived or agreed to waive any remuneration and no remuneration was paid by the Group to a Director as an inducement to join or upon joining the Group or as compensation for loss of office.

The Directors are also eligible to be granted Share Awards under the Share Award Scheme. The details of the scheme are set out in note 29 to the consolidated financial statements.

## SHARE AWARD SCHEME

At the special general meeting of the Company held on November 24, 2014 (the “**Adoption Date**”), the Shareholders approved the adoption of the Share Award Scheme. To bring the Share Award Scheme in line with the Listing Rules Share Scheme Amendments which came into effect on January 1, 2023, the Board proposed to amend the rules of the Share Award Scheme and make other consequential and housekeeping changes. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on August 11, 2023 (the “**New Approval Date**”), the Company approved to amend the rules of the Share Award Scheme.

The following is a summary of the principal terms of the Share Award Scheme:

### (a) Purposes of the Share Award Scheme

The purposes of the Share Award Scheme are to enable the Company to grant share awards (which may take the form of an Option and/or an RSU) (the “**Share Awards**”) to eligible participants as incentives and/or rewards for their contributions to the Group, to reward the personnel who have contributed to the development and success of the Group, to incentivize them to remain with the Group, to motivate them to strive for the future development and expansion of the Group, and to attract skilled and experienced personnel for the further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

### (b) Eligibility of Participation in the Share Award Scheme

The participants under the Share Award Scheme (the “**Eligible Participants**”) shall include:

- (i) directors and full-time and part-time employees of the Group (including persons who are granted Share Awards under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group);
- (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (including Alibaba Group); and

# DIRECTORS' REPORT

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(iii) any persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business that are beneficial to the long-term development of the Group (the “**Service Providers**”), including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group. For the avoidance of doubt, the Service Providers shall exclude placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity.

The eligibility of any of the participants to a Share Award shall be determined by the Board from time to time on the basis of the Board’s opinion as to his/her contribution and/or future contribution to the development and growth of the Group.

## (c) Total number of Shares to be granted

The total number of Shares that may be issued in respect of the Share Awards granted under the Share Award Scheme and any other share schemes of the Company (the “**Scheme Mandate Limit**”) shall not exceed 10% of the Shares in issue as at the New Approval Date (i.e. 1,353,327,854 Shares, representing approximately 8.41% of the Shares in issue as at the date of this report) or 10% of the Shares in issue as at the date of approving the refreshed Scheme Mandate Limit.

The total number of Shares that may be issued in respect of the Share Awards granted to the Service Providers under the Share Award Scheme and any other share schemes of the Company (the “**Service Provider Sublimit**”) shall not exceed 1% of the Shares in issue as at the New Approval Date (i.e. 135,332,785 Shares, representing approximately 0.84% of the Shares in issue as at the date of this report), or 1% of the Shares in issue as at the date of approving the refreshed Service Provider Sublimit.

## (d) Maximum entitlement of each Eligible Participant

The maximum number of Shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the Share Awards granted to each Eligible Participant pursuant to the Share Award Scheme (including all vested, exercised and outstanding Share Awards and excluding all Share Awards lapsed in accordance with the terms of the Share Award Scheme) in any 12-month period up to and including the date of grant shall not (when aggregated with any Shares underlying the awards granted during such period pursuant to any other share award schemes of the Company) exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit must be separately approved by Shareholders in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to Shareholders containing the relevant information as required under the Listing Rules.



## (e) Time for exercise of Options

An Option may be exercised at any time during the period to be determined by the Board and notified to the grantee in the offer made to such grantee by notice (the “**Notice of Grant**”), which period shall commence on the vesting date and shall expire no later than ten years from the date of grant or such other period as may be determined by the Board in accordance with the terms of the Share Award Scheme and the terms on which the Option was granted.

## (f) Vesting period of the Share Awards

The Board or the remuneration committee of the Company (the “**Remuneration Committee**”) (as the case may be) is entitled to impose any terms and conditions as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Share Awards provided that the vesting period for the Share Awards shall not be less than 12 months unless under the specific circumstances including: (a) granting Share Awards to new employees to replace the share awards they forfeited (the “**Forfeited Awards**”) when leaving their previous employers. The vesting period for such Share Awards will be the same as the vesting period of the Forfeited Awards (which may be less than 12 months); (b) granting Share Awards to an Eligible Participant whose employment or service (as the case may be) was terminated due to death, disability or event of force majeure; (c) granting Share Awards which are subject to the fulfilment of performance targets (as opposed to time-based conditions); (d) granting Share Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Eligible Participant, in which case the vesting date may be adjusted to take account of the date on which an offer of a Share Award is made to the Eligible Participant, if not for such administrative or compliance requirements; (e) granting Share Awards with a mixed vesting schedule such that the Share Awards would vest evenly over a period of 12 months; or (f) granting Share Awards with a total vesting and holding period of more than 12 months.

## (g) Consideration for acceptance

The Company may, in its discretion, require the grantee to pay a remittance of HK\$1.00 (or such other amount in any other currency as the Board may determine) as consideration for the grant of an Option and/or RSU within the time period as set out in the Notice of Grant. Such remittance is not refundable in any circumstances.

# DIRECTORS' REPORT

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## **(h) Exercise/Purchase price**

The exercise price of an Option shall be determined at the date of grant by the Board in its absolute discretion but in any event shall not be less than the highest of: (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant; and (c) the nominal value of the Share.

The Board and the Remuneration Committee may determine and specify the purchase price of the RSUs (if any) in the Notice of Grant, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the RSU and the characteristics and profile of the relevant Participant.

## **(i) Remaining life of the Share Award Scheme**

A resolution will be proposed at the 2024 AGM for the adoption of a new share award scheme to replace the Share Award Scheme, subject to the approval from the Shareholders on such resolution, the Share Award Scheme will be terminated at the conclusion of the 2024 AGM, otherwise the Share Award Scheme shall be valid and effective for a term of ten years commencing from the Adoption Date, until November 23, 2024.

As at April 1, 2023, Share Awards in respect of a total of 399,112,399 underlying shares, which represent approximately 2.95% of the Company's total issued shares as at April 1, 2023, remain available to be granted under the specific mandate granted at the annual general meeting of the Company held on August 5, 2022 to the Directors to exercise all the powers of the Company to grant Share Awards, which had lapsed at the conclusion of the annual general meeting held on the New Approval Date.

As at March 31, 2024, Share Awards in respect of a total of 1,340,537,307 and 135,332,785 underlying shares, which represent approximately 8.33% and 0.84% of the Company's total issued shares as at March 31, 2024, remain available to be granted under the Scheme Mandate Limit and the Service Provider Sublimit, respectively. The number of shares of the Company that may be issued in respect of the Options and RSUs granted under the Share Award Scheme during the Reporting Period divided by the weighted average number of the shares of the Company in issue for the Reporting Period is 0.49%.

# DIRECTORS' REPORT

Details of the options and RSUs granted during the Reporting Period and/or outstanding as at March 31, 2024 under the Share Award Scheme are as below:

Name of option holders/grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2023	Date of grant/conditional grant	Granted during the Reporting Period		Vesting period	Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the period <sup>(6)</sup>	Options or RSUs lapsed/cancelled during the period	RSUs vested during the period	Number of shares represented by options or RSUs outstanding as at March 31, 2024
Mr. ZHU Shunyan	Options	2,900,000	June 15, 2020	-	Within six years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	-	-	2,900,000	
	Options	421,250	June 15, 2021	-	Within six years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	421,250	
	Options	1,290,125	June 15, 2022	-	Within six years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	1,290,125	
	Options	-	June 15, 2023 <sup>(1)(5)</sup>	1,381,250	Within six years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	1,381,250	
	RSUs	250,000	June 15, 2020	-	Within six years from June 15, 2020	-	None	Nil	-	-	-	-	125,000	125,000
	RSUs	126,375	June 15, 2021	-	Within six years from June 15, 2021	-	None	Nil	-	-	-	-	14,041	112,334
	RSUs	516,050	June 15, 2022	-	Within six years from June 15, 2022	-	None	Nil	-	-	-	-	86,009	430,041
	RSUs	-	June 15, 2023 <sup>(1)(5)</sup>	552,500	Within six years from June 15, 2023	-	None	Nil	-	-	-	-	-	552,500
<b>Total</b>	<b>Options RSUs</b>	<b>4,611,375 892,425</b>	<b>- -</b>	<b>1,381,250 552,500</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>225,050</b>	<b>5,992,625 1,219,875</b>
Mr. SHEN Difan	Options	336,750	June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	336,750	
	Options	1,062,750	June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	1,062,750	
	Options	-	June 15, 2023 <sup>(1)(5)</sup>	1,302,750	Within four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	1,302,750	
	RSUs	101,025	June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	-	-	33,675	67,350
	RSUs	425,100	June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	-	-	106,275	318,825
	RSUs	-	June 15, 2023 <sup>(1)(5)</sup>	521,100	Within four years from June 15, 2023	-	None	Nil	-	-	-	-	-	521,100
<b>Total</b>	<b>Options RSUs</b>	<b>1,399,500 526,125</b>	<b>- -</b>	<b>1,302,750 521,100</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>139,950</b>	<b>2,702,250 907,275</b>
Mr. TU Yanwu	Options	145,000	June 15, 2020	-	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	-	-	145,000	
	Options	67,250	June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	67,250	
	Options	283,250	June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	283,250	
	Options	-	June 15, 2023 <sup>(1)(5)</sup>	255,750	Within four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	255,750	
	RSUs	192,500	September 18, 2019	-	Within four years from September 18, 2019	-	None	Nil	-	-	-	-	192,500	-
	RSUs	29,000	June 15, 2020	-	Within four years from June 15, 2020	-	None	Nil	-	-	-	-	14,500	14,500
	RSUs	20,175	June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	-	-	6,725	13,450
	RSUs	113,300	June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	-	-	28,325	84,975
	RSUs	-	June 15, 2023 <sup>(1)(5)</sup>	102,300	Within four years from June 15, 2023	-	None	Nil	-	-	-	-	-	102,300
<b>Total</b>	<b>Options RSUs</b>	<b>495,500 354,975</b>	<b>- -</b>	<b>255,750 102,300</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>242,050</b>	<b>751,250 215,225</b>

# DIRECTORS' REPORT

Name of option holders/grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2023	Date of grant/conditional grant	Granted during the Reporting Period		Vesting period	Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the period <sup>(6)</sup>	Options or RSUs lapsed/cancelled during the period	RSUs vested during the period	Number of shares represented by options or RSUs outstanding as at March 31, 2024
				Period										
Three of the five highest paid employees of the Group	RSUs	268,500	December 15, 2020	-	Within four years from December 15, 2020	-	None	Nil	-	-	-	-	-	268,500
	RSUs	587,950	June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	-	-	98,113	489,837
	RSUs	947,311	September 15, 2022	-	Within four years from September 15, 2022	-	None	Nil	-	-	-	-	473,655	473,656
	RSUs	-	June 15, 2023 <sup>(1)(5)</sup>	177,200	Within four years from June 15, 2023	-	None	Nil	-	-	-	-	-	177,200
	RSUs	-	September 15, 2023 <sup>(2)(5)</sup>	2,364,847	Within four years from September 15, 2023	-	50% of the RSUs granted to a grantee are subject to performance targets	Nil	-	-	-	-	676,924	1,687,923
<b>Total</b>	<b>RSUs</b>	<b>1,803,761</b>	<b>-</b>	<b>2,542,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,248,692</b>	<b>3,097,116</b>
Employees of the Group (including employees of the affiliate of the Group)	Options	508,000	September 7, 2015	-	From October 10, 2015 to October 10, 2019	Within ten years from September 7, 2015	None	Nil	5.184	-	-	-	-	508,000
	Options	152,000	April 28, 2016	-	From October 10, 2017 to April 30, 2020	Within ten years from April 28, 2016	None	Nil	5.320	-	-	-	-	152,000
	Options	1,746,500	July 29, 2016	-	From October 10, 2016 to July 31, 2020	Within ten years from July 29, 2016	None	Nil	5.558	-	85,000	-	-	1,661,500
	Options	592,500	February 2, 2017	-	From January 31, 2019 to January 31, 2021	Within ten years from February 2, 2017	None	Nil	3.626	-	-	-	-	592,500
	Options	798,750	August 3, 2017	-	From July 31, 2018 to July 31, 2021	Within ten years from August 3, 2017	None	Nil	3.686	64,500	-	-	-	734,250
	Options	162,000	October 10, 2017	-	From October 10, 2018 to October 10, 2021	Within ten years from October 10, 2017	None	Nil	4.400	-	-	-	-	162,000
	Options	518,000	February 1, 2018	-	From October 10, 2019 to January 31, 2022	Within ten years from February 1, 2018	None	Nil	4.144	171,000	-	-	-	347,000
	Options	1,466,750	June 15, 2020	-	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	45,625	-	-	1,421,125
	Options	119,000	September 15, 2020	-	Within four years from September 15, 2020	Within ten years from September 15, 2020	None	Nil	18.660	-	-	-	-	119,000
	Options	838,000	June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	84,250	-	-	753,730
	Options	750,000	March 15, 2022	-	Within four years from March 15, 2022	Within ten years from March 15, 2022	None	Nil	4.240	-	-	-	-	750,000
	Options	4,495,125	June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	637,781	-	-	3,857,344
	Options	-	June 15, 2023 <sup>(1)(5)</sup>	4,473,250	Over one to four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	1,250,500	-	-	3,222,750
	Options	-	September 15, 2023 <sup>(2)(5)</sup>	2,527,500	Over one to four years from September 15, 2023	Within ten years from September 15, 2023	None	Nil	4.680	-	-	-	-	2,527,500
	Options	-	December 15, 2023 <sup>(3)(5)</sup>	207,900	Within three years and nine months from December 15, 2023	Within ten years from December 15, 2023	None	Nil	4.380	-	-	-	-	207,900
	RSUs	1,460,750	August 2, 2019	-	Within four years from August 2, 2019	-	None	Nil	-	-	-	-	1,460,750	-
	RSUs	199,000	September 18, 2019	-	Within four years from September 18, 2019	-	None	Nil	-	-	-	-	-	199,000
	RSUs	228,252	February 24, 2020	-	Within four years from February 24, 2020	-	None	Nil	-	-	-	-	-	228,252
	RSUs	271,681	March 16, 2020	-	Within four years from March 16, 2020	-	None	Nil	-	-	-	-	-	271,681
RSUs	5,169,500	June 15, 2020	-	Within four years from June 15, 2020	-	None	Nil	-	-	497,000	2,542,000	2,130,500		
RSUs	1,503,774	September 15, 2020	-	Within four years from September 15, 2020	-	None	Nil	-	-	162,450	731,073	610,251		
RSUs	600,475	December 15, 2020	-	Within four years from December 15, 2020	-	None	Nil	-	-	38,000	291,238	271,237		
RSUs	509,500	March 15, 2021	-	Within four years from March 15, 2021	-	None	Nil	-	-	258,000	125,750	125,750		

# DIRECTORS' REPORT

Name of option holders/grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2023	Date of grant/conditional grant	Granted during the Reporting Period		Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the period <sup>(6)</sup>	Options or RSUs lapsed/cancelled during the period	RSUs vested during the period	Number of shares represented by options or RSUs outstanding as at March 31, 2024
				Vesting period									
RSUs		11,015,525	June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	1,647,259	3,762,166	5,606,100
RSUs		6,313,043	September 15, 2021	-	Within four years from September 15, 2021	-	None	Nil	-	-	1,125,365	2,244,692	2,942,986
RSUs		1,569,900	December 15, 2021	-	Within four years from December 15, 2021	-	None	Nil	-	-	562,450	734,450	273,000
RSUs		2,009,000	March 15, 2022	-	Within four years from March 15, 2022	-	None	Nil	-	-	486,500	890,000	632,500
RSUs		59,470,450	June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	11,236,228	14,446,799	33,787,423
RSUs		5,064,550	September 15, 2022	-	Within one to four years from September 15, 2022	-	None	Nil	-	-	529,725	1,741,050	2,793,775
RSUs		390,000	December 15, 2022	-	Within four years from December 15, 2022	-	None	Nil	-	-	145,000	-	245,000
RSUs		360,000	March 15, 2023	-	Over one to four years from March 15, 2023	-	None	Nil	-	-	155,000	-	205,000
RSUs		-	June 15, 2023 <sup>(1)(5)</sup>	46,895,900	Over one to four years from June 15, 2023	-	None	Nil	-	-	6,845,264	-	40,050,636
RSUs		-	September 15, 2023 <sup>(2)(5)</sup>	3,641,347	Over one to four years from September 15, 2023	-	50% of the RSUs granted to a grantee are subject to performance target	Nil	-	-	128,000	676,924	2,836,423
RSUs		-	December 15, 2023 <sup>(3)(5)</sup>	4,484,500	Within four years/three years and nine months from December 15, 2023	-	None	Nil	-	-	49,400	-	4,435,100
RSUs		-	March 15, 2024 <sup>(4)(5)</sup>	1,929,300	Over two to four years from March 15, 2024	-	None	Nil	-	-	-	-	1,929,300
<b>Total</b>	<b>Options</b>	<b>12,146,625</b>	<b>-</b>	<b>7,208,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,500</b>	<b>2,103,156</b>	<b>-</b>	<b>17,016,619</b>
	<b>RSUs</b>	<b>96,135,400</b>	<b>-</b>	<b>56,951,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,865,641</b>	<b>30,345,825</b>	<b>98,874,981</b>

## Notes:

- The closing price per share is HK\$4.88 as stated in the daily quotation sheets issued by the Stock Exchange on June 14, 2023, being the trading day immediately before the date of grant.
- The closing price per share is HK\$4.59 as stated in the daily quotation sheets issued by the Stock Exchange on September 14, 2023, being the trading day immediately before the date of grant.
- The closing price per share is HK\$4.28 as stated in the daily quotation sheets issued by the Stock Exchange on December 14, 2023, being the trading day immediately before the date of grant.
- The closing price per share is HK\$3.41 as stated in the daily quotation sheets issued by the Stock Exchange on March 14, 2024, being the trading day immediately before the date of grant.
- The weighted average fair value of the Options and RSUs at the date of grant on June 15, 2023, September 15, 2023, December 15, 2023 and March 15, 2024 during the Reporting Period was HK\$4.92 per share, HK\$4.14 per share, HK\$4.33 per share and HK\$3.36 per share, respectively, of which the methodology and assumptions used for calculation were disclosed in the note 29 (Share-based Compensation Costs) to the consolidated financial statements.
- The weighted average closing price of the shares immediately before the dates on which the Options were exercised and the RSUs were vested was HK\$4.92 and HK\$4.77, respectively.

# DIRECTORS' REPORT

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

As at March 31, 2024, the interests and short positions of the Directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

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

#### Number of ordinary shares and underlying shares held, capacity and nature of interest

Name of Director	Nature of interest	Total interest in shares	Approximate percentage of the Company's share capital
Mr. ZHU Shunyan	Beneficial owner and equity derivative interests <sup>(1)</sup>	8,510,696	0.05%#
Mr. SHEN Difan	Beneficial owner and equity derivative interests <sup>(2)</sup>	4,777,568	0.03%#
Mr. TU Yanwu	Beneficial owner and equity derivative interests <sup>(3)</sup>	1,701,678	0.01%#

#### Notes:

- (1) Mr. ZHU Shunyan beneficially held 1,298,196 ordinary shares of the Company and subject to vesting, is interested in 7,212,500 shares underlying the 5,992,625 options and 1,219,875 RSUs granted to him in accordance with the Share Award Scheme.
- (2) Mr. SHEN Difan beneficially held 1,168,043 ordinary shares and subject to vesting, is interested in 3,609,525 shares underlying 2,702,250 options and 907,275 RSUs granted to him in accordance with the Share Award Scheme.
- (3) Mr. TU Yanwu beneficially held 735,203 ordinary shares and subject to vesting, is interested in 966,475 shares underlying 751,250 options and 215,225 RSUs granted to him in accordance with the Share Award Scheme.

# Based on a total of 16,091,736,264 shares of the Company in issue as at March 31, 2024.

# DIRECTORS' REPORT

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

Name of Director	Nature of interest	Number of shares/ underlying shares Held*	Approximate percentage of issued shares of associated corporation
Mr. ZHU Shunyan	Beneficial owner, equity derivative interests and interests of spouse <sup>(1)</sup>	2,847,432	0.01%#
Mr. SHEN Difan	Beneficial owner, equity derivative interests and interests of spouse <sup>(2)</sup>	128,256	0.00%#
Mr. TU Yanwu	Beneficial owner and equity derivative interests <sup>(3)</sup>	25,384	0.00%#
Ms. HUANG Jiaojiao	Beneficial owner, equity derivative interests and interests of spouse <sup>(4)</sup>	253,928	0.00%#
Mr. XU Haipeng	Beneficial owner, equity derivative interests and interests of spouse <sup>(5)</sup>	93,305	0.00%#

*Notes:*

- (1) These interests represented 2,066,864\* ordinary shares or underlying ordinary shares and 77,571\* restricted share units (representing 620,568\* ordinary shares or underlying ordinary shares) beneficially held by Mr. ZHU Shunyan and 160,000\* ordinary shares or underlying shares held by his spouse.
- (2) These interests represented 240,000\* ordinary shares or underlying ordinary shares and 250\* restricted share units (representing 2,000\* ordinary shares or underlying ordinary shares) beneficially held by Mr. SHEN Difan and 102,256\* ordinary shares or underlying shares held by his spouse.
- (3) These interests represented 584\* ordinary shares or underlying ordinary shares and 3,100\* restricted share units (representing 24,800\* ordinary shares or underlying ordinary shares) beneficially held by Mr. TU Yanwu.
- (4) These interests represented 46,928\* ordinary shares or underlying ordinary shares and 25,250\* restricted share units (representing 202,000\* ordinary shares or underlying ordinary shares) beneficially held by Ms. HUANG Jiaojiao and 5,000\* ordinary shares or underlying shares held by her spouse.
- (5) These interests represented 17,305\* ordinary shares or underlying ordinary shares and 8,500\* restricted share units (representing 68,000\* ordinary shares or underlying ordinary shares) beneficially held by Mr. XU Haipeng and 8,000\* ordinary shares or underlying shares held by his spouse.

\* Alibaba Holding approved to effect a one-to-eight share subdivision of its ordinary shares (the “Share Subdivision”) at the annual general meeting held on July 15, 2019. The Share Subdivision was effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of American depositary shares to ordinary shares from 1:1 to 1:8. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from 1:1 to 1:8.

# Based on a total of 19,469,126,956 ordinary shares of Alibaba Holding in issue as at March 31, 2024.

# DIRECTORS' REPORT

Long positions in shares and underlying shares of Cainiao Smart Logistics Network Limited (“Cainiao”), an associated corporation of the Company within the meaning of Part XV of the SFO

Name of Director	Nature of interest	Number of shares/ underlying shares held	Approximate percentage of issued shares of associated corporation
Ms. HUANG Jiaojiao	Beneficial owner	146,975*	0.15%#

\* These interests represented 146,975 class A ordinary shares beneficially held by Ms. HUANG Jiaojiao.

# Based on a total of 99,680,555 class A ordinary shares of Cainiao in issue as at March 31, 2024.

Save as disclosed above, as at March 31, 2024, none of the Directors and chief executive had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its subsidiaries as disclosed in the section headed “Biographical Information of Directors and Senior Management”, none of the Directors or their connected entities (within the meaning under section 486 of the Company Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party which was subsisting during or at the end of the Reporting Period.

## ARRANGEMENT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed under the paragraph headed “Share Award Scheme” above, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



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

As at March 31, 2024, the following interests or short positions in the shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions:

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

### Note:

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

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

# DIRECTORS' REPORT

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On November 28, 2023, the Company entered into a share purchase agreement with Taobao Holding Limited (“**TBH**”), pursuant to which the consideration payable by the Company to TBH will be partly satisfied by the Company issuing 2,558,222,222 ordinary shares of the Company to TBH as consideration shares upon completion of the share purchase agreement. The proposed acquisition under the said share purchase agreement was completed on January 17, 2024 and the total of 2,558,222,222 ordinary shares of the Company have been allotted and issued to TBH. For details, please refer to the announcements of the Company dated November 28, 2023 and January 17, 2024.

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

# Based on a total of 16,091,736,264 shares of the Company in issue as at March 31, 2024.

Save as disclosed above, as at March 31, 2024, there were no other parties who had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

## CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed under the paragraph headed “Connected Transactions and Continuing Connected Transactions” below, no contract of significance, including for the provision of services, has been entered into among the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries during the Reporting Period.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group had the following connected and continuing connected transactions, details of which were disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

### Connected Transactions

#### (a) Connected Transaction – Share Purchase Agreement

On November 28, 2023, the Company and Taobao Holding Limited (“**Taobao Holding**”) entered into a share purchase agreement (the “**Share Purchase Agreement**”), pursuant to which the Company agreed to purchase, and Taobao Holding agreed to sell, the entire issued share capital of AJK Technology Holding Limited (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) in the aggregate consideration of HK\$13,500,000,000, which shall be settled at completion (the “**Completion**”) by (i) the Company issuing 2,558,222,222 ordinary shares of par value HK\$0.01 each in the share capital of the Company (the “**Consideration Shares**”) to Taobao Holding (and/or its nominee), and (ii) the Company paying United States Dollar equivalent of HK\$2,000,000,000 in cash to Taobao Holding.

The Target Company, an offshore holding vehicle incorporated under the laws of the Cayman Islands, holds the entire issued share capital of AJK Technology (Hong Kong) Limited (the “**HK Subsidiary**”), which in turn holds 100% of the equity interest in Hangzhou Jingzhun Health Information Technology Co., Ltd.<sup>^</sup> (杭州精準健康信息科技有限公司) (the “**Target WFOE**”). The Target WFOE, pursuant to the exclusive services framework agreement (the “**Exclusive Services Framework Agreement**”) entered into between itself and Hangzhou Alimama Software Services Co., Ltd.<sup>^</sup> (杭州阿里媽媽軟件服務有限公司) (“**Alimama**”, together with its subsidiaries, “**Alimama Group**”) on November 27, 2023, holds the Target Business (as defined below), which would be directly or indirectly injected into the Group pursuant to the terms of the Share Purchase Agreement. For details of the Exclusive Services Framework Agreement, please refer to the paragraph headed “(i) Continuing Connected Transaction – Exclusive Services Framework Agreement” below. The Company believe the acquisition of the Target Business will enable the Group to offer one-stop solutions to better serve healthcare merchants’ needs, to optimize healthcare merchants’ marketing efficiency and return on investment and to improve the business and revenue growth of healthcare merchants and the Group.

The Completion took place on January 17, 2024 and a total number of 2,558,222,222 Consideration Shares have been allotted and issued to Taobao Holding pursuant to the terms and conditions of the Share Purchase Agreement at the issue price of HK\$4.50 per Share, and the Target Company has become a wholly-owned subsidiary of the Company.

As at the date of the Share Purchase Agreement, Taobao Holding is a direct wholly-owned subsidiary of Alibaba Holding, the ultimate controlling shareholder of the Company and a connected person of the Company. Accordingly, Taobao Holding is also a connected person of the Company and the transactions contemplated under the Share Purchase Agreement thus constitute a connected transaction under the Listing Rules.

## (b) Connected Transaction – Lease Agreement

On October 15, 2021, Alibaba Health Pharmaceutical Chain Co., Ltd.<sup>^</sup> (阿里健康大藥房醫藥連鎖有限公司) (“**Alibaba Health Pharmaceutical Chain**”) and Hangzhou Chuanfa Health Technology Co., Ltd.<sup>^</sup> (杭州傳賦健康科技有限公司) (“**Hangzhou Chuanfu**”) entered into the lease agreement (the “**Lease Agreement**”), pursuant to which Hangzhou Chuanfu agreed to lease the production plant and ancillary facilities located at Alibaba Pharmaceutical Health Logistics Park, No. 3 Zhiqi Street, Tangxi Town, Linping District, Hangzhou, the PRC (the “**Premises**”) to Alibaba Health Pharmaceutical Chain for a term of three years commencing from November 30, 2021 and ending on November 29, 2024. The total rent and property management fee 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. The total annual sum of the rent and property management fee payable by the Group incurred under the Lease Agreement during the Reporting Period amounted to approximately RMB19.4 million (during the Corresponding Period: RMB26.5 million).

# DIRECTORS' REPORT

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By entering into the Lease Agreement, the Group agreed to rent the Premises at market rates from Hangzhou Chuanfa to use the Premises as a warehouse to store pharmaceutical, medical device and various other health-related products with a view to further strengthen the Group's supply chain capabilities. As the consultation-to-sales conversation rate for the Group's pharmaceutical direct sales business continues to rise, the Group considers it necessary to expand its storage capacity so as to maintain the Group's service efficiency as well as to facilitate distribution and sales of the Group's direct sales products. This will also enable the Group to purchase more at a time from its suppliers, which will add to its bargaining power with its suppliers, thus reducing its procurement costs and enhancing its profitability.

As at the date of the Lease Agreement, since Hangzhou Chuanfu was an indirect wholly-owned subsidiary of Alibaba Holding, Hangzhou Chuanfu was an associate of Alibaba Holding and hence a connected person of the Company and thus the transactions contemplated under the Lease Agreement constitute connected transactions of the Company in accordance with the Listing Rules.

## Continuing Connected Transactions

### (a) Continuing Connected Transaction – Cloud Computing Services Framework Agreement

On March 31, 2023, Alibaba Health Technology (China) Co., Ltd<sup>^</sup> (阿里健康科技(中國)有限公司) (“**Alibaba Health (China)**”), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its subsidiaries and affiliates), entered into the renewed cloud computing services framework agreement (the “**2024 Cloud Computing Services Framework Agreement**”) with Alibaba Cloud Computing Ltd.<sup>^</sup> (阿里雲計算有限公司) (“**Alibaba Cloud**”) (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alibaba Cloud agreed to provide various cloud computing services and other related services (the “**Cloud Computing Services**”) to the Group for a term of one year from April 1, 2023 to March 31, 2024. The annual cap for the service fees payable by Alibaba Health (China) to Alibaba Cloud under the 2024 Cloud Computing Services Framework Agreement was RMB160 million. The aggregate service fees incurred under the 2024 Cloud Computing Services Framework Agreement during the Reporting Period amounted to approximately RMB114.8 million (during the Corresponding Period: approximately RMB107.0 million).

On March 28, 2024, the same parties entered into the renewed cloud computing services framework agreement (the “**2025 Cloud Computing Services Framework Agreement**”) in relation to the provision of the Cloud Computing Services by Alibaba Cloud to the Group for a term of one year from April 1, 2024 to March 31, 2025, with an annual cap of RMB170 million.

The 2024 Cloud Computing Services Framework Agreement and the 2025 Cloud Computing Services Framework Agreement allowed the Group to utilize the cloud computing services provided by Alibaba Cloud to ensure smooth operation of its systems and the stability of its various Internet healthcare solutions.

Alibaba Holding is the ultimate controlling shareholder of the Company, and its wholly-owned subsidiaries, Taobao Holding, Ali JK, Perfect Advance and Alibaba Investment, are shareholders of the Company. As Alibaba Holding is the ultimate shareholder of Alibaba Cloud, Alibaba Cloud is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Cloud Computing Services Framework Agreement and the 2025 Cloud Computing Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

## (b) Continuing Connected Transaction – Outsourced Services Framework Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) entered into the renewed outsourced services framework agreement (the “**2024 Outsourced Services Framework Agreement**”) with Taobao Holding (together with its subsidiaries and affiliates, “**Taobao Group Companies**”) (for itself and on behalf of its subsidiaries and affiliates), pursuant to which the Group shall provide Taobao Group Companies with merchant-related outsourced and value-added services (the “**Outsourced Services**”) in relation to certain categories of products or services offered on Tmall from time to time (as specified in the announcement of the Company dated March 31, 2023) for a term of one year from April 1, 2023 to March 31, 2024. The annual cap for the service fees payable to the Group during the term of the 2024 Outsourced Services Framework Agreement was RMB200 million and the aggregate service fees received by the Group under the 2024 Outsourced Services Framework Agreement during the Reporting Period amounted to approximately RMB108.8 million (during the Corresponding Period: RMB105.9 million).

On March 28, 2024, Hangzhou Defu Health Management Co., Ltd.<sup>^</sup> (杭州得賦健康管理有限公司), Alibaba Health Technology (Hainan) Co., Ltd.<sup>^</sup> (阿里健康科技(海南)有限公司), Jiubaoxing Technology (Hainan) Co., Ltd.<sup>^</sup> (久寶星科技(海南)有限公司) and Hangzhou Lukang Health Technology Co., Ltd.<sup>^</sup> (杭州鹿康健康科技有限公司) (each an indirect wholly-owned subsidiary or a consolidated entity of the Company, collectively, the “**Alibaba Health Subsidiaries**”) entered into the 2025–2027 outsourced services agreement (the “**2025–2027 Outsourced Services Agreement**”) with Zhejiang Tmall Technology Co., Ltd.<sup>^</sup> (浙江天貓技術有限公司) (“**Tmall Technology**”) and Zhejiang Tmall Network Co., Ltd.<sup>^</sup> (浙江天貓網絡有限公司) (“**Tmall Network**”, together with Tmall Technology, the “**Tmall Entities**”) for a term of three years from April 1, 2024 until March 31, 2027. Pursuant to the 2025–2027 Outsourced Services Agreement, the Alibaba Health Subsidiaries will procure the Company to provide the Tmall Entities with certain outsourced and value-added services. The annual cap for the service fees payable to the Group under the 2025–2027 Outsourced Services Agreement for each of the three years ending March 31, 2027 was RMB215 million, RMB230 million and RMB245 million, respectively.

# DIRECTORS' REPORT

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Since the Outsourced Services remain within the existing skill set of the Group given that it has been developing its own pharmaceutical e-commerce, Internet healthcare, and intelligent medicine businesses, the service fees received under the 2024 Outsourced Services Framework Agreement and the 2025-2027 Outsourced Services Agreement continue to be one of the steady growing sources of revenue for our Group.

Since each of Taobao Holding and Tmall Entities is a wholly-owned subsidiary or a consolidated entity of Alibaba Holding, the Taobao Group Companies and Tmall Entities are associates of Alibaba Holding and hence are connected persons of the Company. The transactions contemplated under the 2024 Outsourced Services Framework Agreement and the 2025-2027 Outsourced Services Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

## (c) Continuing Connected Transaction – Platform Services Framework Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) and Taobao Holding (for itself and on behalf of its subsidiaries and affiliates) entered into a renewed platform services framework agreement (the “**2024 Platform Services Framework Agreement**”) for a term of one year commencing on April 1, 2023 to March 31, 2024, pursuant to which Taobao Holding agreed that Alibaba Holding and its subsidiaries and affiliates (the “**AGH Relevant Entities**”) shall provide various platform services (the “**Platform Services**”) to the Group for a service fee. The annual cap for the service fees payable by the Group for the year ended March 31, 2024 was RMB600 million and the aggregate service fees incurred under the 2024 Platform Services Framework Agreement for the Reporting Period amounted to approximately RMB311.0 million (during the Corresponding Period: RMB267.0 million).

On March 28, 2024, the Company (for itself and on behalf of its subsidiaries) and Taobao China Holding Limited (“**Taobao China**”) (for itself and on behalf of its subsidiaries and associates) entered into the renewed platform services framework agreement (the “**2025-2027 Platform Services Framework Agreement**”) for a term of three years from April 1, 2024 until March 31, 2027. Pursuant to the 2025-2027 Platform Services Framework Agreement, Taobao China has agreed that the AGH Relevant Entities will provide to the Group certain platform services and the Group shall pay the service fees calculated in accordance with the underlying agreements and standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by the AGH Relevant Entities from time to time. The annual cap for the service fees payable by the Group under the 2025-2027 Platform Services Framework Agreement for each of the three years ending March 31, 2027 was RMB630 million, RMB670 million and RMB710 million, respectively.

The Company believes that by marketing and selling products or services on the online sales platforms operated by the AGH Relevant Entities under the 2024 Platform Services Framework Agreement and the 2025-2027 Platform Services Framework Agreement, the Group will be able to reach out to more customers and improve its understanding of their needs to facilitate product circulation along the pharmaceutical and healthcare products retail chain to offer quality products and services at competitive prices.

Since each of Taobao Holding and Taobao China is a wholly-owned subsidiary of Alibaba Holding and Alibaba Holding controls the AGH Relevant Entities, each of Taobao Holding, Taobao China and the members of the AGH Relevant Entities are associates of Alibaba Holding and hence is a connected person of the Company. The transactions contemplated under the 2024 Platform Services Framework Agreement and the 2025-2027 Platform Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

#### (d) Continuing Connected Transaction – Agency Agreement

On March 31, 2023, Alimama (for itself and on behalf of its subsidiaries and affiliates) and Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司) (“**Alibaba Health (HK)**”) (for itself and on behalf of its subsidiaries) entered into the renewed agency agreement (the “**2024 Agency Agreement**”) for a term of one year from April 1, 2023 to March 31, 2024. Pursuant to the 2024 Agency Agreement, Alibaba Health (HK) (for itself and on behalf of its subsidiaries) agreed to refer contracted clients of Alibaba Health (HK) and its subsidiaries (the “**Alibaba Health Group**”) to purchase, and Alimama, its subsidiaries and its affiliates (together, the “**Advertising Parties**”), as the marketing services providers, agreed to provide to Alibaba Health Group’s contracted clients, various marketing and advertising services on the marketing and branding platforms provided by the Advertising Parties (the “**Marketing Services**”) during the term of the 2024 Agency Agreement. The annual cap for the incentive fees to be received by Alibaba Health Group under the 2024 Agency Agreement for the year ended March 31, 2024 was RMB25 million. The aggregate incentive fees received by Alibaba Health Group during the Reporting Period was nil (during the Corresponding Period: nil).

As the Advertising Parties are members of Alibaba Group, each of the members of the Advertising Parties is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Agency Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.



# DIRECTORS' REPORT

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## (e) Continuing Connected Transaction – Logistics Services Framework Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) entered into a renewed logistics services framework agreement (the “**2024 Logistics Services Framework Agreement**”) with Hangzhou Cainiao Supply Chain Management Co., Ltd.<sup>^</sup> (杭州菜鳥供應鏈管理有限公司) (“**Hangzhou Cainiao**”) (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Hangzhou Cainiao and its subsidiaries and affiliates (together, the “**Cainiao Group**”) agreed to provide various logistics services including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply chain management services and related system software services and other value-added and logistics-related services (the “**Logistics Services**”) to the Group for a service fee for a term of one year from April 1, 2023 to March 31, 2024. The annual cap for the service fees under the 2024 Logistics Services Framework Agreement was RMB420 million and the aggregate service fees incurred under the 2024 Logistics Services Framework Agreement for the Reporting Period amounted to approximately RMB175.1 million (during the Corresponding Period: approximately RMB225.2 million).

On March 28, 2024, the same parties entered into the renewed logistics services framework agreement (the “**2025-2027 Logistics Services Framework Agreement**”), pursuant to which Hangzhou Cainiao agreed that Cainiao Group will provide the Logistics Services to the Group for a term of three years commencing from April 1, 2024 and ending on March 31, 2027. The annual cap for the service fees payable by the Group under the 2025-2027 Logistics Services Framework Agreement for each of the three years ending March 31, 2027 was RMB320 million, RMB350million and RMB380 million, respectively.

As the Company has been selling pharmaceutical and healthcare products online, it requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. Accordingly, the Company entered into the 2024 Logistics Services Framework Agreement and the 2025-2027 Logistics Services Framework Agreement with Hangzhou Cainiao, to capitalize on the logistics data platform and global fulfilment network of Cainiao Group, and to provide efficient and reliable domestic and international one-stop-shop logistics services to the Group’s customers for fulfilling their different logistics needs.

As Hangzhou Cainiao is an indirect non-wholly-owned subsidiary of Alibaba Holding, each of the members of the Cainiao Group is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Logistics Services Framework Agreement and the 2025-2027 Logistics Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.



## (f) Continuing Connected Transaction – Shared Services Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) entered into a renewed shared services agreement (the “**2024 Shared Services Agreement**”) with Alibaba Holding (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alibaba Holding shall procure certain shared service providers including Alibaba Holding, persons controlled by it and persons under the common control of Alibaba Holding, and any other persons designated by Alibaba Holding (the “**Alibaba Services Providers**”), to provide to the Group certain shared services (the “**Shared Services**”), including office premises sharing and various support services and to supply products to the Group in support of the Group’s business operations, and the Company shall procure certain service providers, including the Company and persons controlled by it and persons under common control of the Company, and any other persons designated by the Company (the “**Alibaba Health Service Providers**”), to provide to Alibaba Group the Shared Services, being human resources related services and supply products to Alibaba Group in support of Alibaba Group’s business operations, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024. The annual caps under the 2024 Shared Services Agreement was RMB549.5 million in relation to the Shared Services provided to the Group and RMB162 million in relation to the Shared Services provided to Alibaba Group.

The aggregate service fees incurred under the 2024 Shared Services Agreement during the Reporting Period was RMB284.1 million (during the Corresponding Period: RMB246.7 million) in relation to the Shared Services provided to the Group and RMB0.4 million (during the Corresponding Period: nil) in relation to the Shared Services provided to Alibaba Group.

On March 28, 2024, the Company (for itself and on behalf of its subsidiaries) entered into the renewed shared services agreement (the “**2025-2027 Shared Services Agreement**”) with Alibaba.com China Limited (阿里巴巴網絡中國有限公司) (“**Alibaba.com**”) (for itself and on behalf of its subsidiaries and associates, collectively, “**Alibaba.com Group**”), pursuant to which Alibaba.com has agreed to procure the relevant parties to provide certain shared services to the Group, and the Company has agreed that relevant parties shall provide certain shared services to Alibaba.com Group for a term of three years from April 1, 2024 to March 31, 2027. The annual cap for the service fees payable by the Group under the 2025-2027 Shared Services Agreement in relation to the shared services provided to the Group for each of the three years ending March 31, 2027 was RMB540 million, RMB560 million and RMB580 million, respectively; and the annual caps for the service fees receivable by the Group under the 2025-2027 Shared Services Agreement in relation to the shared services provided to Alibaba.com Group for each of the three years ending March 31, 2027 was RMB20 million, RMB20 million and RMB20 million, respectively.

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The Company believes that the entering into of the 2024 Shared Services Agreement and the 2025-2027 Shared Services Agreement will allow the Company to better leverage on the mature infrastructure and coverage already built by Alibaba Group (including Alibaba.com Group) and promote better cooperation between Alibaba Group (including Alibaba.com Group) and the Company.

As Alibaba.com is an indirect wholly-owned subsidiary of Alibaba Holding, which is a connected person of the Company, the transactions contemplated under the 2024 Shared Services Agreement and the 2025-2027 Shared Services Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

## (g) Continuing Connected Transaction – Framework Technical Services Agreement

On February 8, 2023, the Tmall Entities entered into a renewed framework technical services agreement (the “**2024 Framework Technical Services Agreement**”) with Alibaba Health (Hangzhou) and Alibaba Health (Hainan), pursuant to which the Tmall Entities agreed to provide certain software technical services (the “**Software Technical Services**”), including but not limited to software technical services, internet information services and secondary domain names, to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for a service fee for a term of one year from April 1, 2023 to March 31, 2024, with an annual cap of RMB1,400 million, as approved by the independent Shareholders at the special general meeting held on March 29, 2023. The aggregate service fees incurred under the 2024 Framework Technical Services Agreement during the Reporting Period amounted to approximately RMB792.4 million (during the Corresponding Period: approximately RMB894.6 million).

On March 31, 2023, Taobao Holding and the Company entered into a renewed Taobao framework technical services agreement (the “**2024 Taobao Framework Technical Services Agreement**”), pursuant to which the Taobao Group Companies agreed to provide certain support services, including software technical support, internet information services and secondary domain names and other services for the operation of the platforms on Tmall and Tmall Global, for a term of one year commencing from April 1, 2023 and ending on March 31, 2024 with an annual cap of RMB620 million. The aggregate service fees incurred under the 2024 Taobao Framework Technical Services Agreement during the Reporting Period amounted to approximately RMB327.6 million (during the Corresponding Period: approximately RMB320.8 million).

On February 2, 2024, the Company (for itself and on behalf of its subsidiaries) entered into the 2025–2027 framework technical services agreement (the “**2025–2027 Framework Technical Services Agreement**”) with Taobao China (for itself and on behalf of its subsidiaries and affiliates (collectively, “**Taobao China Companies**”)) to amend and renew both the 2024 Framework Technical Services Agreement and the 2024 Taobao Framework Technical Services Agreement, pursuant to which Taobao China Companies would provide certain relevant software technical services to the Group for a service fee for a term of three years commencing from April 1, 2024 and ending on March 31, 2027. The annual cap for the service fees payable under the 2025–2027 Framework Technical Services Agreement was RMB2,300 million, RMB2,530 million and RMB2,783 million, for each of the three years ending March 31, 2027, respectively, as approved by the independent Shareholders at the special general meeting held on March 26, 2024.

The Company considers the entering into of the 2024 Framework Technical Services Agreement, the 2024 Taobao Framework Technical Services Agreement and the 2025–2027 Framework Technical Services Agreement is necessary because the technical support and services from Taobao Group Companies to the Company are crucial to allow the relevant merchants to operate on the platforms of Tmall and Tmall Global.

As Alibaba Group directly or indirectly controls the Tmall Entities, Taobao Group Companies and Taobao China Companies, they are connected persons of the Company and the transactions contemplated under the 2024 Framework Technical Services Agreement, the 2024 Taobao Framework Technical Services Agreement and the 2025–2027 Framework Technical Services Agreement thus constitute continuing connected transactions of the Company. Independent Shareholders approved, among other things, the 2023–2025 Framework Technical Services Agreement and the transactions contemplated thereunder at the special general meeting held on March 26, 2024 in accordance with the Listing Rules.

As the transactions contemplated under the 2024 Framework Technical Services Agreement and the 2024 Taobao Framework Technical Services Agreement took place within a 12-month period and the services provided under both of the agreements are of similar nature, the transactions under the 2024 Framework Technical Services Agreement and the 2024 Taobao Framework Technical Services Agreement shall be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As disclosed in the circular of the Company dated March 14, 2023 and the announcement of the Company dated February 8, 2023, the 2024 Framework Technical Services Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Independent Shareholders' approval has been obtained for the transactions contemplated under the 2024 Framework Technical Services Agreement at the special general meetings held on March 29, 2023. As such, no independent Shareholders' approval has to be obtained in respect of the 2024 Taobao Framework Technical Services Agreement following the aforementioned aggregation.

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## (h) Continuing Connected Transaction – Payment Services Framework Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries) entered into a renewed payment services framework agreement (the “**2024 Payment Services Framework Agreement**”) with Alipay.com Co., Ltd.^ (支付寶(中國)網絡技術有限公司) (“**Alipay China**”) (for itself and on behalf of its subsidiaries and affiliates) and Alipay Singapore E-Commerce Private Limited (“**Alipay Singapore**”) (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Alipay China and Alipay Singapore agreed to provide certain payment, settlement and other related services (the “**Payment Services**”) to the Group for a service fee, for a term of one year from April 1, 2023 to March 31, 2024. The annual cap for the service fees payable under the 2024 Payment Services Framework Agreement was RMB137 million. The aggregate service fees incurred under the 2024 Payment Services Framework Agreement during the Reporting Period amounted to approximately RMB75.4 million (during the Corresponding Period: approximately RMB78.8 million).

On March 28, 2024, the same parties entered into the renewed payment services framework agreement (the “**2025 Payment Services Framework Agreement**”), pursuant to which Alipay China and Alipay Singapore agreed to provide the Payment Services to the Group, for a term of one year commencing from April 1, 2024 and ending on March 31, 2025 with an annual cap of RMB137 million.

As part of the Group’s business, the Company has been marketing and selling products or services online as an online merchant which requires efficient and reliable payment services. By entering into the 2024 Payment Services Framework Agreement and the 2025 Payment Services Framework Agreement, the Group will be able to utilize the Payment Services provided by Alipay China and Alipay Singapore to enable safe and prompt real-time payment for its online transactions.

Since Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) (“**Ant Group**”) is indirectly held by Alibaba Holding as to more than 30% of its equity interest and both Alipay China and Alipay Singapore are wholly-owned subsidiaries of Ant Group, each of Ant Group, Alipay China and Alipay Singapore is an associate of Alibaba Holding and thus a connected person of the Company.

Accordingly, the transactions contemplated under the 2024 Payment Services Framework Agreement and the 2025 Payment Services Framework Agreement constitute continuing connected transactions of the Company in accordance with the Listing Rules.

## (i) Continuing Connected Transaction – Exclusive Services Framework Agreement

On November 27, 2023, the Target WFOE entered into the Exclusive Services Framework Agreement with Alimama for an initial term of three years commenced from November 27, 2023 and ending on November 26, 2026, pursuant to which the Target WFOE would operate and manage the business relating to the provision of the Marketing Materials Review Services pursuant to the Exclusive Marketing Materials Review Right and the Value-added Services under the healthcare categories (the **“Target Business”**). The **“Exclusive Marketing Materials Review Right”** is defined as the exclusive right to operate and manage the Marketing Materials Review Services under the healthcare categories on the Tmall Platform, to the absolute exclusion of the Alimama Group and the Taobao and Tmall Group. The **“Marketing Materials Review Services”** are defined as the marketing materials review services provided by the Target WFOE under the Exclusive Services Framework Agreement, as may be amended from time to time, comprising (i) the review services in respect of marketing materials for the performance-based marketing and/or the brand-based marketing placed by certain merchants (the **“Target Merchants”**) through the Alimama Group, and (ii) the review services in respect of corresponding qualifications of such marketing materials for products and services under the healthcare categories of Tmall of Alibaba Group. The **“Value-added Services”** are defined as the value-added services, within the scope of written authorisation from the Alimama Group and in accordance with the standards and requirements imposed by the Alimama Group, provided by the Target WFOE to the Target Merchants whose primary categories are the healthcare categories under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall include providing consultation and suggestions to and responding to questions from such Target Merchants relating to marketing promotions under the healthcare categories. For details of the purpose of the acquisition of the Target Business, please refer to the paragraph headed **“(a) Connected Transaction – Share Purchase Agreement”** above. The proposed annual caps (where applicable) in respect of the fees receivable under the Exclusive Services Framework Agreement are RMB391 million, RMB2,032 million and RMB2,641 million for each of the financial years ending March 31, 2024, 2025 and 2026, respectively. The aggregate service fees incurred under the Exclusive Services Framework Agreement during the Reporting Period amounted to approximately RMB239.5 million.

Upon the completion of the Share Purchase Agreement, the Target WFOE became an indirect wholly-owned subsidiary of the Company. Since Alimama is an indirect wholly-owned subsidiary of Alibaba Holding, it's therefore an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the Exclusive Services Framework Agreement thus constitute continuing connected transactions of the Company under the Listing Rules.

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## (j) Continuing Connected Transaction – Marketing and Promotion Services Framework Agreement

On February 8, 2023, the Company (for itself and on behalf of its subsidiaries) and Alimama (for and on behalf of the Advertising Parties) entered into a renewed advertising services framework agreement (the “**2024 Advertising Services Framework Agreement**”) for a term of one year from April 1, 2023 to March 31, 2024, pursuant to which the Advertising Parties agreed to provide the Group certain advertising services, including but not limited to the display of advertisements on various platforms supported by Alibaba Group for a service fee. The annual cap for the service fees payable under the 2024 Advertising Services Framework Agreement was RMB2,220 million, as approved by the independent Shareholders at the special general meeting held on March 29, 2023. The aggregate service fees incurred under the 2024 Advertising Service Framework Agreement during the Reporting Period amounted to approximately RMB1,566.3 million (during the Corresponding Period: RMB1,046.2 million).

On February 2, 2024, the same parties entered into the amended and renewed advertising services framework agreement (the “**2025-2027 Marketing and Promotion Services Framework Agreement**”) for a term of three years commencing from April 1, 2024 and ending on March 31, 2027, pursuant to which the Advertising Parties has agreed to provide the Group with certain marketing and promotion services, including but not limited to providing the marketing, promotion and advertising services on various platforms under and in cooperation with Alibaba Group for a service fee. The annual cap for the service fees payable under the 2025-2027 Marketing and Promotion Services Framework Agreement was RMB2,400 million, RMB2,640 million and RMB2,904 million, respectively, for each of the three years ending March 31, 2027, respectively, as approved by the independent Shareholders at the special general meeting held on March 26, 2024.

The Company believes that the marketing, promotion and advertising services and resources provided by the Advertising Parties are effective marketing tools and will enable the Group to reach out to more customers and boost the sales of the Group’s and its clients’ products. Hence, the Group intends to allocate more resources in such marketing, promotion and advertising services provided by the Advertising Parties going forward and considers that the entering into of the 2024 Advertising Services Framework Agreement and the 2025-2027 Marketing and Promotion Services Framework Agreement would facilitate the administration of the purchase of the marketing, promotion and advertising services by the Group.

Since Alimama is an indirect wholly-owned subsidiary of Alibaba Holding, each of the Advertising Parties is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Advertising Services Framework Agreement and the 2025-2027 Marketing and Promotion Services Framework Agreement thus constitute continuing connected transactions for the Company in accordance with the Listing Rules and were approved by the independent Shareholders at the special general meetings held on March 29, 2023 and March 26, 2024, respectively, in accordance with the Listing Rules.

## (k) Continuing Connected Transaction – Software Services Framework Agreement

On March 31, 2023, the Company (for itself and on behalf of its subsidiaries and associates) entered into a renewed software services framework agreement (the “**2024 Software Services Framework Agreement**”) with Taobao Holding (for itself and on behalf of its subsidiaries and associates (collectively, “**Taobao Group**”), pursuant to which the Group shall provide Taobao Group with e-commerce platform operational and maintenance related software services for merchants selling products and/or offering services under certain software services categories on Tmall and Tmall Global for a term of one year from April 1, 2023 to March 31, 2024. The annual cap for the service fees receivable under the 2024 Software Services Framework Agreement was RMB140 million. The aggregate service fees incurred under the 2024 Software Services Framework Agreement during the Reporting Period amounted to approximately RMB98.3 million (during the Corresponding Period: approximately RMB100.2 million).

On March 28, 2024, the Company (for itself and on behalf of its subsidiaries and associates) entered into the renewed software services framework agreement (the “**2025-2027 Software Services Framework Agreement**”) with Taobao China (for itself and on behalf of its subsidiaries and associates (collectively, “**Taobao China Group**”), pursuant to which the Group shall provide Taobao China Group with medical and healthcare-related e-commerce platform operational and maintenance related software services for merchants selling products and/or offering services under certain software services categories on Tmall and Tmall Global for a term of three years commencing from April 1, 2024 and ending on March 31, 2027. The annual cap for the service fees receivable was RMB150 million, RMB160 million and RMB170 million, respectively, for each of the three years ending March 31, 2027.

The Company believes that the entering into of the 2024 Software Services Framework Agreement and the 2025-2027 Software Services Framework Agreement will not only allow the Group to generate revenue and to better optimize its resources as Alibaba Group’s healthcare flagship platform, but also provide marketing opportunities for the Group to expand its product portfolio and broaden its customer base. This enables the Group to capture further market share in view of the rapid growth of the Company’s pharmaceutical direct sales business.

Since each of Taobao Holding and Taobao China is a wholly-owned subsidiary of Alibaba Holding, each member of Taobao Holding Group and Taobao China Group is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Software Services Framework Agreement and the 2025-2027 Software Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.



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## (l) Continuing Connected Transaction – Koubei Services Framework Agreement

On March 31, 2023, Hangzhou Lukang Health Technology Co., Ltd.<sup>^</sup> (杭州鹿康健康科技有限公司) (“**Hangzhou Lukang**”) (for itself and on behalf of its subsidiaries and affiliates) entered into a services framework agreement (the “**2024 Koubei Services Framework Agreement**”) with Koubei (Shanghai) Information Technology Co., Ltd.<sup>^</sup> (口碑(上海)信息技术有限公司) (“**Koubei Shanghai**”) (for itself and on behalf of its subsidiaries and affiliates), pursuant to which Hangzhou Lukang agrees to provide Koubei Shanghai with operational or software services under certain categories of products and services on the platform which are operated by Koubei Shanghai, its associates and its subsidiaries from time to time, for a term of two years from April 1, 2023 to March 31, 2025, with annual caps of RMB30 million and RMB30 million for the years ending March 31, 2024 and 2025, respectively. The aggregate service fees incurred under the 2024 Koubei Services Framework Agreement during the Reporting Period amounted to approximately RMB5.3 million (during the Corresponding Period: RMB0.01 million).

By entering into the 2024 Koubei Services Framework Agreement, the Group will be able to enhance user experience and improve the operational capabilities of the relevant merchants, and deliver quality services to these merchants under wider applications. It is also expected that the Group will be able to capitalise on market opportunities in relation to the rising demand of healthcare and pharmaceutical industries in the PRC and further expand its market share in these industries.

As at the date of the 2024 Koubei Services Framework Agreement, since Koubei Shanghai is an indirect non-wholly-owned subsidiary of Alibaba Holding, Koubei Shanghai is an associate of Alibaba Holding and hence a connected person of the Company. The transactions contemplated under the 2024 Koubei Services Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

## (m) Continuing Connected Transaction – EBA Settlement Framework Agreement

On March 28, 2024, the Company (for itself and on behalf of its subsidiaries and associates) entered into the framework agreement relating to the equity-based awards settlement (the “**2025-2027 EBA Settlement Framework Agreement**”) with Alibaba Holding. Pursuant to the 2025-2027 EBA Settlement Framework Agreement, (i) in respect of the restricted share units, options or any other equity incentive awards of Alibaba Holding (the “**AGH Awards**”) held by any grantees whose employment is transferred from Alibaba Holding to a member of the Group (the “**Group Entity**”), the Company shall reimburse Alibaba Holding the amounts in respect of the relevant AGH Awards; and (ii) in respect of the options, restricted share units or any other equity incentive awards of the Group (the “**Group Awards**”) held by any grantees (whose employment is transferred from a Group Entity to Alibaba Holding), Alibaba Holding shall reimburse the Company the amounts in respect of the relevant Group Awards. The annual cap for the amounts payable under the 2025-2027 EBA Settlement Framework Agreement in relation to the transaction amount associated with the AGH Awards was RMB35 million, RMB35 million and RMB35 million, respectively, for each of the three years ending March 31, 2027; and the annual cap for the amounts receivable under the 2025-2027 EBA Settlement Framework Agreement in relation to the transaction amount associated with the Group Awards was RMB35 million, RMB35 million and RMB35 million, respectively, for each of the three years ending March 31, 2027.



Each of Alibaba Holding and the Company is committed to providing their employees with a nurturing work environment that supports personal growth and therefore allows internal transfers between the Group and Alibaba Holding. As equity-based awards are vital to attract, incentivize and retain those employees, the Company believes that the entering into of the 2025-2027 EBA Settlement Framework Agreement will allow the grantees to retain their awards after the internal transfers and allocating their EBA expenses to the relevant entity to which such grantee has joined, with an aim to achieve an equitable re-charging of costs of transferring employees between the Group and Alibaba Holding.

Since Alibaba Holding is a connected person of the Company, the transactions contemplated under the 2025-2027 EBA Settlement Framework Agreement thus constitute continuing connected transactions of the Company in accordance with the Listing Rules.

The Group has imposed internal control procedures to ensure that the continuing connected transactions are conducted in accordance with the pricing policies or mechanism under the relevant framework agreements. A specialized internal audit function carried out independent appraisal of the adequacy and effectiveness of the internal control procedures and reviewed all the connected transactions. Any findings by the internal audit function have been provided to the Directors to assist them in performing the annual review of the continuing connected transactions. The independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## (n) Continuing Connected Transactions – Contractual Arrangements

### *Overview*

The business of the Group involves the provision of commercial Internet information services, which in turn requires certain members of our Group to hold a value-added telecommunication business license (the “**ICP License**”) for the provision of such services (the “**Restricted Businesses**”). As the applicable PRC laws and regulations currently in force restrict foreign investment in the Restricted Businesses, the Group adopted a series of contractual arrangements with respect to two subsidiaries of our Company, namely, Hongyun Jiukang Data Technology (Beijing) Co., Ltd.^ (弘雲久康數據技術(北京)有限公司) (“**Hongyun Jiukang**”) and Alibaba Health Hebei Information Technology Co., Ltd.^ (阿里健康河北信息技術有限公司) (“**Alibaba Health Hebei**”, together with Hongyun Jiukang, the “**Opcos**”), which have enabled the Group, through its wholly-owned subsidiary, Alibaba Health Technology (China) Co., Ltd.^ (阿里健康科技(中國)有限公司) (the “**WFOE**”), to obtain effective control over, and received all the economic benefits generated by, the businesses operated by the Opcos, and the Opcos, in turn, hold the ICP License and operate the Restricted Businesses.

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Prior to the Restructuring (as defined below), the contractual arrangements were entered into among the WFOE, each of the Opcos and the two individual registered owners of Opcos (the **"Ex-Registered Owners"**) (the **"Previous Contractual Arrangements"**).

As part of Alibaba Holding's strategy in enhancing the variable interest entities (the **"VIEs"**) structure, on April 25, 2020, each of the two Ex-Registered Owners under the Previous Contractual Arrangements entered into equity transfer agreements with Beijing Jiukangbao Technology Co., Ltd.<sup>^</sup> (北京久康寶科技有限公司) (**"Beijing Jiukangbao"**), pursuant to which each of the two Ex-Registered Owners agreed to transfer 50% and 50% of the equity interests in each of the Opcos, respectively, to Beijing Jiukangbao (the **"VIE Restructuring"**). On the same day, each of the Opcos became owned as to 100% by Beijing Jiukangbao. Beijing Jiukangbao is wholly-owned by Hangzhou Baoxuan Investment Management Co., Ltd.<sup>^</sup> (杭州寶軒投資管理有限公司), a company established in the PRC with limited liability (the **"PRC Investco"**), which is held as to each 50% by two limited partnerships established in the PRC (the **"PRC LPs"**), both of which were ultimately owned by a company established in the PRC with limited liability serving as a general partner of the PRC LPs (the **"PRC GP"**) and five selected members of the Alibaba Partnership or Alibaba Holding's management who are PRC citizens (the **"Five Individuals"**).

On the same day, the Group entered into a series of contractual arrangements (the **"Contractual Arrangements"**) with the Opcos and Beijing Jiukangbao (as the newly registered owner of Opcos) (the **"Registered Owner"**). The Contractual Arrangements contain substantially the same terms as the Previous Contractual Arrangements and enable the Group to continue, through the WFOE, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos, which in turn hold the ICP Licenses and operate the Restricted Businesses through itself and its Subsidiaries. Further details in relation to the terms of the Structured Contracts (as defined below) and Contractual Arrangements are set out below. Through the Structured Contracts and the Contractual Arrangements, the results of operations, assets and liabilities, and cash flows of the Opcos were consolidated into the Company's financial statements, and the Opcos were regarded as indirect subsidiaries of the Group under HKFRS 10 during the year ended March 31, 2023.

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## *Particulars of Opcos and their respective Registered Owner*

As at March 31, 2024, the particulars of the Opcos and their respective Registered Owner are as follows:

<b>Name of Opco</b>	<b>Registered owner</b>	<b>Registered capital</b>	<b>Principal activities</b>
Hongyun Jiukang	100% by Beijing Jiukangbao	RMB40,000,000	Provision of Internet information services and investment holding
Alibaba Health Hebei	100% by Beijing Jiukangbao	RMB10,000,000	Provision of Internet information services and investment holding

The following table sets forth the principal subsidiaries of Hongyun Jiukang as at March 31, 2024. Alibaba Health Hebei did not have any subsidiary as at March 31, 2024.

<b>Name of subsidiary</b>	<b>Holding company</b>	<b>Ownership</b>	<b>Principal activities</b>
Alibaba Health (Hainan) Internet Hospital Co., Ltd. <sup>^</sup> (阿里健康(海南)互聯網醫院有限公司)	Hongyun Jiukang	100%	Network hospital services
Alibaba Health (Hainan) Remote Medical Centre Co., Ltd. <sup>^</sup> (阿里健康(海南)遠程醫療中心有限公司)	Hongyun Jiukang	100%	Provision of medical services
Hangzhou Hongyun Kangsheng Equity Investment Co., Ltd. <sup>^</sup> (杭州弘雲康晟股權投資有限公司)	Hongyun Jiukang	100%	Investment holding and asset management
Alibaba Health Technology (Guangzhou) Co., Ltd. <sup>^</sup> (阿里健康科技(廣州)有限公司)	Hongyun Jiukang	100%	Provision of Internet information services

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Name of subsidiary	Holding company	Ownership	Principal activities
Guangzhou Alibaba Health Medical Technology Co., Ltd. <sup>^</sup> 廣州市阿里健康醫療科技有限公司 (formerly known as Alibaba Health Network Hospital Co., Ltd. <sup>^</sup> (阿里健康網絡醫院有限公司))	Hongyun Jiukang	100%	Provision of Internet information services
Chongqing Deyue Health Data Technology Co., Ltd. <sup>^</sup> (重慶得岳健康數據技術有限公司) (formerly known as Chongqing Bianque Health Data Technology Co., Ltd. <sup>^</sup> (重慶扁鵲健康數據技術有限公司))	Hongyun Jiukang	100%	Healthcare related technical services
Alibaba Health Technology (Beijing) Company Limited <sup>^</sup> (阿里健康科技(北京)有限公司)	Hongyun Jiukang	100%	Provision of Internet information services
Jiubaoxing Technology (Hainan) Co., Ltd. <sup>^</sup> (久寶星科技(海南)有限公司)	Hongyun Jiukang	100%	Provision of e-commerce sales services
Hangzhou Kangtao Information Technology Co., Ltd. <sup>^</sup> (杭州康淘信息技術有限公司)	Hongyun Jiukang	100%	Provision of Internet information services
Beijing Zichen Zhengyang Technology Co., Ltd. <sup>^</sup> (北京紫宸正陽科技有限公司)	Hongyun Jiukang	100%	Provision of Internet information services

## ***Summary of the major terms of the Contractual Arrangements***

As at March 31, 2024, there are two sets of ongoing Contractual Arrangements in place:

- (i) in respect of Hongyun Jiukang, entered into among the WFOE (as the Company's subsidiary), Hongyun Jiukang (as the Opco), and Beijing Jiukangbao (as the Registered Owner); and
- (ii) in respect of Alibaba Health Hebei, entered into among the WFOE (as the Company's subsidiary), Alibaba Health Hebei (as the Opco), and Beijing Jiukangbao (as the Registered Owner).

Each of the above sets of Contractual Arrangements includes substantially similar terms and a brief summary of the major terms are set out below:

(1) *Exclusive Service Agreements* (獨家服務協議)

Pursuant to the exclusive service agreements (the “**Exclusive Service Agreements**”), the relevant Opco agreed to engage the WFOE as its exclusive provider of technical support and consultancy services (the “**Technical Services**”) in connection with the relevant Opco’s business (to the extent permitted under the applicable PRC laws) in exchange for service fees. The service fees are fixed with reference to the actual content and commercial value of the Technical Services and the WFOE may, subject to mutual agreement, adjust the amount of service fees. Unless otherwise prescribed under the PRC laws and regulations and subject to limitations under the Exclusive Service Agreements, the WFOE shall have exclusive proprietary rights to any intellectual property (including but not limited to copyright, patent, technical secret and trade secret) in the work product developed by the WFOE or the relevant Opco in the course of the provision of services under the relevant Exclusive Service Agreement. Each of the Exclusive Service Agreements has a term of 20 years and will be automatically renewed for consecutive terms of one year upon expiry unless otherwise notified by the WFOE. The relevant Exclusive Service Agreement shall be terminated prior to expiration in the event that the business period of either the WFOE or the relevant Opco expires.

(2) *Loan Agreements* (借款協議)

Pursuant to the loan agreements (the “**Loan Agreements**”), the WFOE agreed to provide any interest-free loans to the relevant Registered Owner as capital contribution to the relevant Opco only and may not use such loans for other purposes without the consent of the WFOE. The Registered Owner, in return for the provision of loans, agreed to enter into an Equity Interest Pledge Agreement (as defined below) with the WFOE to pledge all of its equity interests in the relevant Opco as security. The term of each loan under the relevant Loan Agreement is 20 years from the effective date, or for a period until expiration of the business period of the WFOE or the relevant Opco, whichever is earlier. The Registered Owner shall repay the loan upon expiration of the term or any earlier time as may be determined by the WFOE at its absolute discretion. In such circumstances, unless otherwise prohibited by the applicable laws and regulations, the WFOE or its designee is entitled to acquire all equity interest held by the relevant Registered Owner in the relevant Opco for a consideration equal to the loan amount. The Registered Owner shall waive any pre-emptive rights upon transfer of equity interest in the relevant Opco to the WFOE. Any tax arising from the loan shall be borne by the Registered Owner and the WFOE in accordance with applicable PRC laws.

# DIRECTORS' REPORT

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### (3) *Equity Interest Pledge Agreements (股權質押協議)*

Pursuant to the equity interest pledge agreements (the “**Equity Interest Pledge Agreements**”), the Registered Owner agreed to pledge all their respective equity interests in the relevant Opco to the WFOE, as a security interest to guarantee the performance of contractual obligations and the payment of outstanding loans of the Registered Owner. Unless due to the intentional misconduct or gross negligence of the WFOE, the WFOE shall not be liable for any decrease in value of the pledged interests, and the Registered Owner shall not have any right to claim against the WFOE as a result of such decrease in value. However, in the event that the decrease in value of the pledged interests may jeopardize rights of the WFOE, or upon occurrence of default, the WFOE may auction or sell the pledged interests for and on behalf of the Registered Owner and allocate the money received for loan prepayment or deposit such money to the WFOE’s local notary office. The pledge in respect of an Opco takes effect upon the completion of registration with the competent authority and shall remain valid until all the contractual obligations of the Registered Owner and the relevant Opco under the relevant set of Contractual Arrangements have been fully performed and that all outstanding loans have been fully repaid. During the period of the pledge, without the prior written consent of the WFOE, the Registered Owner shall not create or agree to create any new pledge or other security on the equity interests of the relevant Opco, nor assign or transfer any of the equity interests in the relevant Opco.

### (4) *Powers of Attorney on Shareholders’ Voting Rights (股東表決權委託協議)*

Pursuant to the powers of attorney on shareholders’ voting rights (the “**Powers of Attorney on Shareholders’ Voting Rights**”), the Registered Owner irrevocably appointed designee(s) of the WFOE, who are PRC nationals, to act as its attorney on its behalf to exercise all rights in connection with matters concerning its right as shareholder of the relevant Opco, including but not limited to: (a) attending the shareholders’ meeting of the relevant Opco as representative of the relevant Registered Owner; (b) exercising shareholders’ voting rights on resolutions at shareholders’ meeting, including but not limited to, the designation and appointment of directors and other senior management that has to be appointed by the shareholders; (c) other matters decided or executed by the shareholders pursuant to the relevant constitutional documents; and (d) signing relevant documents when the relevant Registered Owner sell or transfer all or part of its equity interests pursuant to the Exclusive Option Agreements (as defined below). The Powers of Attorney on Shareholders’ Voting Rights shall remain effective for 20 years and will be automatically renewed for consecutive terms of one year upon expiry unless otherwise notified by the WFOE. The Powers of Attorney on Shareholders’ Voting Rights shall be terminated prior to expiration in the event that the business period of either the WFOE or the relevant Opco expires.

## (5) Exclusive Option Agreements (獨家購買權協議)

Pursuant to the exclusive option agreements (the “**Exclusive Option Agreements**”), the Registered Owner agreed to irrevocably, unconditionally and exclusively grant an exclusive option to the WFOE so that the WFOE may elect to purchase, when permitted by the then applicable PRC laws, all or any part of the equity interests from the Registered Owner and/or all or any of the assets in the relevant Opco by themselves or through their designee(s). In the event that any of the options is exercised by the WFOE, the transfer price of the relevant equity interests and assets shall correspond to the registered capital amount and the net asset value, respectively, or the legal minimum price under the then applicable PRC laws (as the case may be). Subject to the applicable PRC laws, the Registered Owner shall transfer all the consideration it receives in relation to such transfer of equity interests and assets in the relevant Opco (or any proceeds resulting from the dissolution or winding up of the relevant Opco or any dividends or distributions received in the capacity of a Registered Owner) to the WFOE or its designee, after deduction of applicable taxes and government fees. Pursuant to the Exclusive Option Agreements, without the prior written consent of the WFOE, the Registered Owner shall not sell, transfer, mortgage or dispose of in any manner any assets of the relevant Opco (except in the ordinary course of business) or legal or beneficial interest in the business or revenues of the relevant Opco, allow the creation of any security interest thereon, or allow the alteration of the registered capital of the relevant Opco or merger of the relevant Opco with any other entity. The Exclusive Option Agreements shall remain effective from the execution date and terminate when all the equity interests and assets of the relevant Opco have been legally transferred to the WFOE or its designee in accordance with the terms of the relevant Exclusive Option Agreement.

## Revenue and assets subject to the Contractual Arrangements

During the Reporting Period, the Group expanded the scale of investments and business operated under the Opcos, and revenues generated from and assets held through the Opcos had begun to form a material portion of the Group’s total revenue and assets. The following table sets forth (a) revenue and (b) assets involved in the Opcos which are consolidated into the Group’s financial statements pursuant to the Contractual Arrangements:

	<b>Revenue (RMB'000)</b> <b>(proportionate % to the Group)</b> <b>For the financial year ended March 31, 2024</b>	<b>Assets (RMB'000)</b> <b>(proportionate % to the Group)</b> <b>As at March 31, 2024</b>
Hongyun Jiukang	820,852 (3.04%)	1,498,265 (7.60%)
Alibaba Health Hebei	– (0%)	81,401 (0.41%)

# DIRECTORS' REPORT

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## ***Reasons for using the Contractual Arrangements***

As disclosed above, as the applicable PRC laws and regulations as detailed below in force restrict foreign investment in the Restricted Businesses and the operation of ICPs which are fundamental to the Group's business, the Group participates in the Restricted Businesses through the Contractual Arrangements.

According to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "**FITE Regulations**"), the proportion of foreign equity ownership in the entity that provides commercial Internet information services shall not exceed 50%. Further, according to the FITE Regulations, subject to the foreign ownership restrictions as set out above, the significant foreign investor of an entity that provides commercial Internet information services must also be able to demonstrate good performance of and experience in operating a value-added telecommunication business. As the Company and its subsidiaries do not meet such qualification requirement, neither the Company nor any of its offshore subsidiaries is qualified to apply to any competent government authorities to establish a foreign invested telecommunication enterprise and obtain an ICP License to operate the Restricted Businesses. In the opinion of the Company's PRC legal advisers, the Contractual Arrangements do not violate applicable PRC laws and regulations.

## ***Risks associated with the Contractual Arrangements and the actions taken by the Group to mitigate the risks***

The Company's PRC legal advisers had advised us that while the Contractual Arrangements do not violate the applicable PRC laws and regulations, there are uncertainties regarding the interpretation and application of the currently applicable PRC laws, rules, and regulations. As such, the Group believes the following risks are associated with the Contractual Arrangements:

- (i) If the PRC government finds that the Contractual Arrangements that allow us to consolidate the results of operations, assets and liabilities, and cash flows of the Opcos which operate the Restricted Businesses do not comply with applicable PRC laws and regulations, we could be subject to penalties and our business may be materially and adversely affected;
- (ii) Certain terms of the Contractual Arrangements may not be enforceable under the PRC laws;
- (iii) The Contractual Arrangements may not be as effective in providing control over the Opcos as equity ownership;
- (iv) Any failure by the Opcos or the Registered Owner to perform their obligations under the Contractual Arrangements would potentially lead to us having to incur additional costs and expend material resources to enforce such arrangements, temporary or permanent loss of control over the Restricted Businesses and the revenue from these businesses;
- (v) The Registered Owner may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition;



# DIRECTORS' REPORT

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- (vi) The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that the Company or the Opcos owe(s) additional taxes, which could negatively affect the Group's financial condition and the value of the Shareholders' investment;
- (vii) If any of the WFOE or the Opcos becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy certain important assets, which could materially and adversely affect our business;
- (viii) The Company's exercise of the option to acquire the equity interests of the Opcos may be subject to certain limitations and the ownership transfer may incur substantial costs;
- (ix) The Company does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder; and
- (x) The Group's current corporate structure and business operations may be affected by the Foreign Investment Law.

The Group has adopted the following measures to ensure the effective internal control and operation of the Group with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) the Company will disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports; and
- (iv) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and the Opcos to deal with specific issues or matters arising from the Contractual Arrangements.

### ***Material changes in the foreign ownership restriction requirements***

The Contractual Arrangements have been put in place purely to allow the Group to comply with the foreign ownership restrictions under FITE Regulations. Save as disclosed, during the Reporting Period, there was no other material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed.

# DIRECTORS' REPORT

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## *Listing rules implications*

Upon further enquiries and review of Alibaba Group, the Company was informed that there was an additional layer of contractual arrangements among the Five Individuals, the PRC GP, the PRC LPs and a wholly-owned subsidiary of Alibaba Group, pursuant to which Alibaba Group obtained effective control over, and received all the economic benefits of the PRC GP, the PRC LPs, the PRC Investco and Beijing Jiukangbao (the “**Additional VIE Arrangement**”). Accordingly, each of the PRC GP, the PRC LPs, the PRC Investco and Beijing Jiukangbao is consolidated into the financial statements of Alibaba Group under the VIE Structure Enhancement for accounting treatment purpose. As at the date of this announcement, Alibaba Holding is the ultimate shareholder of Perfect Advance, TBH and Ali JK, which are the substantial shareholders and connected persons of the Company, and holds approximately 63.83% of the issued share capital of the Company via Perfect Advance, Alibaba Investment and Ali JK. As such, Beijing Jiukangbao became a connected person of the Company by virtue of it becoming an associate of Alibaba Holding and, subsequent to the Restructuring, the continuing transactions under the Contractual Arrangements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that it is inappropriate for the Company to (i) set an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; or (ii) limit the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules on the following grounds:

- (i) the Previous Contractual Arrangements has been in place since in or around mid-2016 and the Contractual Arrangements have terms substantially consistent with those of the Previous Contractual Arrangements, and all necessary factual information about the Contractual Arrangements have been disclosed in the annual reports;
- (ii) the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group’s legal structure and business operations as the adoption of the Contractual Arrangements enables the Group to continue, through the WFOE, to maintain effective control over, and receive all the economic benefits generated by, the businesses operated by the Opcos, which in turn hold the ICP Licenses and operate the Restricted Businesses;
- (iii) the Contractual Arrangements are for fixed terms and for a fixed period, and are entered into for the benefit of the Group, and unlike typical connected transactions, since the Registered Owner acts as shareholder of the Opcos to facilitate the arrangements whereby economic benefits from the Opcos are transferred to the Company, there is no concern of leakage of economic benefits to connected persons to the detriment of minority shareholders of the Company under the Contractual Arrangements;

- (iv) the Directors (including the independent non-executive Directors), consider that the Contractual Arrangements are on normal commercial terms or on terms more favourable to the Group, in the ordinary and usual course of business of the Group and are fair and reasonable or to the advantage of the Group, and are in the interests of the Company and the Shareholders as a whole; and
- (v) the Company believes that it will not be in the interests of the Company and the Shareholders to set any annual cap on the amounts of fees payable to the Company under the Contractual Arrangements.

Pursuant to Rule 14A.52 of the Listing Rules, the Group has obtained the opinion from an independent financial adviser, pursuant to which the independent financial adviser considers that in relation to the Contractual Arrangements, (i) the continuing connected transactions in respect of the Contractual Arrangements have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; (ii) a term of longer than three years is required for the Contractual Arrangements; and (iii) it is normal business practice for the Contractual Arrangements to be of such duration exceeding three years. For details, please refer to the announcement of the Company dated June 30, 2023:

- (i) no change without independent non-executive Directors' approval;
- (ii) no change without independent Shareholders' approval;
- (iii) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Opcos; and
- (iv) the Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

### ***Confirmation from the independent non-executive Directors***

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the Opcos to Beijing Jiukangbao which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and
- (iii) any contracts entered into between the Group and the Opcos during Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

# DIRECTORS' REPORT

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The independent non-executive Directors have reviewed the aforesaid continuing connected transactions for the year ended March 31, 2024 (excluding the Contractual Arrangements) and confirmed that these transactions have:

- (i) been entered into in the ordinary and usual course of business of the Group;
- (ii) been conducted on normal commercial terms or better; and
- (iii) been conducted in accordance with the relevant agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In respect of the continuing connected transactions (the "**Transactions**"), Ernst & Young, the Company's auditor, has been engaged to report whether anything has come to their attention that causes them to believe that:

- (i) the Transactions have not been approved by the Company's board of directors;
- (ii) for those Transactions that involve provision of goods or services by the Group, the Transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) the Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;
- (iv) the Transactions (other than those transactions with the Registered Owner and the Opcos under the contractual arrangements) have exceeded the annual cap as set by the Company; and
- (v) for those Transactions with the Registered Owner and the Opcos under the contractual arrangements, dividends or other distributions have been made by the Opcos to the holders of the equity interests of the Opcos which are not otherwise subsequently assigned or transferred to the Group.

The Company's auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions for the year ended March 31, 2024:

- (i) nothing has come to the auditor's attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to the auditor's attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

- (iv) with respect to the aggregate amount of each of the aforesaid continuing connected transactions, nothing has come to the auditor's attention that causes us to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company; and
- (v) with respect to the disclosed continuing connected transactions with the Registered Owner and the Opcos under the contractual arrangements, nothing has come to the auditor's attention that causes us to believe that dividends or other distributions have been made by the Opcos to the holders of the equity interests of the Opcos which are not otherwise subsequently assigned or transferred to the Group.

## RELATED PARTY TRANSACTIONS

During the Reporting Period, save as disclosed in note 33 to the consolidated financial statements, the Group had no material transactions with its related parties.

The Directors have conducted review of such related party transactions of the Group during the Reporting Period. All the related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and the Company has complied with the relevant connected transaction requirements under Chapter 14A of the Listing Rules in respect of those connected transactions or continuing connected transactions. The Directors were not aware of any transactions requiring disclosure of connected transactions in accordance with the Listing Rules except for those disclosed in this report.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against the Directors and officers of the Company.

## DONATIONS

During the Reporting Period, the Group made charitable and other donations totaling RMB1.47 million.

## MAJOR LEGAL PROCEEDINGS

During the Reporting Period, the Company had no major legal proceedings or arbitration. To the knowledge of the Directors, there were no major legal actions or claims that had not been concluded or may threaten our Company.

# DIRECTORS' REPORT

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## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and has any other conflicts of interest, as required to be disclosed under the Listing Rules.

## TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in note 37 in the consolidated financial statements, there are no significant events of the Group subsequent to March 31, 2024 and up to the date of this report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## AUDITOR

There have been no changes of auditor of the Company in any of the preceding three years. A resolution for the reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

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

On behalf of the Board

**ZHU Shunyan**  
*Chairman*

Hong Kong  
May 27, 2024

# BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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## EXECUTIVE DIRECTORS

**Mr. ZHU Shunyan**, aged 53, was appointed as an executive Director and the chairman of the Board on March 16, 2020. He is currently the chairman of the nomination committee of the Company (the “**Nomination Committee**”) of the Company. From March 16, 2020 to November 28, 2023, he served as the chief executive officer of the Company. Mr. Zhu is a partner of the Alibaba Partnership and the President of the Innovation Initiatives Segment of the ultimate controlling shareholder of the Company, Alibaba Group Holding Limited (“**Alibaba Holding**” with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988), together with its subsidiaries, “**Alibaba Group**”). He was a director of Meinian Onehealth Healthcare Holdings Co., Ltd.^ (美年大健康產業控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2044) from May 2020 to October 2021. Prior to joining Alibaba Group, Mr. Zhu founded Wuhan Xunca Technology Co., Ltd.^ (武漢迅彩科技公司) in 2003. He joined the founding team of UC Browser in 2007 as senior vice president, and was responsible for the marketing and commercialization of UC Browser. The business of UC Browser was acquired by Alibaba Group in June 2014. Subsequently, Mr. Zhu had served as (i) the president of Alimama Business Group, a leading big data marketing platform in the PRC operated by Alibaba Group; (ii) the president of UC Browser; (iii) the president of New Media Businesses of Alibaba Digital Media & Entertainment Business Group, responsible for the business departments of UC Browser, Alibaba Music and Innovation Business; and (iv) the president of the Intelligent Information Business Group. Mr. Zhu obtained a Bachelor of Science Degree in Mathematics in 1993 from Yanshan University in the PRC. He obtained a Master Degree in Computing Software in 1996 from Huazhong University of Science and Technology in the PRC.

**Mr. SHEN Difan**, aged 45, was appointed as an executive Director and chief executive officer of the Company on October 13, 2021 and November 28, 2023, respectively. He currently also serves as a director of certain subsidiaries of the Company. From October 2020 to November 28, 2023, he served as the chief operating officer of the Company. He has been a special assistant to the chairman of the board of directors of Alibaba Holding from March 2020 to October 2021. Mr. Shen was an executive Director and chief executive officer of the Company from March 2018 to March 2020. Prior to the previous term with the Company, he was the general manager of Alibaba Group’s AliExpress business from March 2012 to March 2018, leading the rapid expansion of AliExpress and growing Alibaba Group’s overseas brand influence. Mr. Shen had held various positions in Alibaba Group since he joined in 2004. Mr. Shen holds a Bachelor Degree in Computing from Yantai University.

## BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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**Mr. TU Yanwu**, aged 46, was appointed as an executive director on October 23, 2020. He has been the chief financial officer of the Company since April 2020, and is responsible for the overall financial management and the formulation and implementation of the Group's strategies. Prior to that, Mr. Tu was a senior finance director of the Group from September 2019 to March 2020, and was seconded to Guizhou Ensure Chain Pharmacy Company Limited<sup>^</sup> (貴州一樹連鎖藥業有限公司) to act as its chief financial officer and senior vice president from October 2018 to August 2019. Before joining the Group, Mr. Tu was the finance director of WuXi AppTec Co., Ltd.<sup>^</sup> (無錫藥明康德新藥開發股份有限公司) ("**WuXi AppTec**") from December 2015 to September 2018, where he led the accounting and reporting team since the delisting of WuXi PharmaTech (Cayman) Inc. from the New York Stock Exchange through the initial public offering and listing of WuXi AppTec on the Shanghai Stock Exchange. From April 2008 to April 2015, Mr. Tu held various finance positions at different departments of General Motors, including being in charge of special projects in the Asia-Pacific region and holding financial reporting and management positions in the North American region. Mr. Tu also had over five years of experience in auditing at Arthur Anderson and PricewaterhouseCoopers in Shanghai where he led the audit team to work on initial public offering and listing projects across different industries. Mr. Tu obtained a Bachelor of Arts Degree in Economics and Business Administration in June 2001 from Fudan University and he is also a member of the Chinese Institute of Certified Public Accountants.

### NON-EXECUTIVE DIRECTORS

**Mr. LI Faguang**, aged 48, was appointed as a non-executive Director on October 13, 2021 and resigned on May 15, 2023.

**Ms. HUANG Jiaojiao**, aged 42, was appointed as a non-executive Director on May 15, 2023. She is currently a member of the remuneration committee of the Company (the "**Remuneration Committee**"). She has worked at Alibaba Holding since December 2017 and is currently its senior finance director. Ms. Huang has extensive experience in financial management. Prior to that, she was the senior finance manager of Alibaba Group from February 2012 to April 2016. Before joining Alibaba Group, Ms. Huang worked at the Shanghai branch of KPMG Huazhen LLP from August 2004 to February 2012 with her last position as audit manager. She obtained a Bachelor's degree of Management majoring in Accounting in July 2004 from the Shanghai University of Finance and Economics in the PRC.



## BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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**Mr. XU Haipeng**, aged 37, was appointed as a non-executive Director on October 19, 2023. Mr. Xu has been serving as the business head on platform user operation and interaction at the User Development and Operation Center of the Taobao and Tmall business group within Alibaba Group since March 2022. Mr. Xu also served as the product head of merchant platforms under Taobao business group's product and content ecosystem division from December 2019 to February 2022. Within the Tmall business group, Mr. Xu served as the head of marketing products in the marketing platform business division from February 2017 to November 2019, and was responsible for marketing products at the products technology department from March 2011 to January 2017. Mr. Xu obtained a bachelor's degree in industrial design in June 2008 from Qilu University of Technology in the PRC, and a master's degree in art design in March 2011 from the East China University of Science and Technology in the PRC.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LUO Tong**, aged 57, was appointed as an independent non-executive Director on May 9, 2014 and retired on August 11, 2023.

**Mr. WONG King On, Samuel**, aged 71, was appointed as an independent non-executive Director on May 9, 2014 and retired on August 11, 2023.

**Ms. HUANG Yi Fei (Vanessa)**, aged 50, was appointed as an independent non-executive Director on June 9, 2019. She is currently the chairman of the Remuneration Committee and a member of the audit committee of the Company (the "**Audit Committee**"). Ms. Huang is currently a General Partner at BVCF Management Ltd.. Ms. Huang has over 20 years of investment banking experience in the United States and Hong Kong. Prior to joining BVCF, she was Head of Emerging Asia Healthcare Investment Banking at J.P. Morgan. During her time in investment banking, Ms. Huang worked with companies and investors across Asia Pacific as well as global multinational companies and institutional investors. Her coverage included all subsectors of healthcare including pharmaceutical, biotech, medtech and services. She advised on multiple cross-border mergers and acquisitions and different stages of capital raising. Ms. Huang is a member of the Biotech Advisory Panel of the Stock Exchange and a member of the Admission Panel of the Incu-Bio Incubation Programme of the Hong Kong Science and Technology Parks Corporation. Ms. Huang holds a Master of Business Administration from The Wharton School, University of Pennsylvania.

## BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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**Dr. SHAO Rong**, aged 61, was appointed as an independent non-executive Director on August 11, 2023. She is currently a member of each of the Audit Committee and the Nomination Committee. Dr. Shao has extensive experience in the pharmaceutical industry. She currently holds various positions in China Pharmaceutical University of the PRC, serving as the executive deputy director of its Research Center of National Drug Policy and Ecosystem and the executive dean of its Institute of Drug Regulatory Sciences, in charge of regulatory science disciplines and research. Dr. Shao has been an independent non-executive director of YSB Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9885), since June 2023. Dr. Shao has also been an independent director at two companies listed on the Shanghai Stock Exchange, namely Jiangsu GDK Biotechnology Co., Ltd. (江蘇金迪克生物技術股份有限公司) (stock code: 688670) and Shanghai InnoStar Bio-tech Co., Ltd. (stock symbol: A06142), since June 2020 and December 2023, respectively. She also served as an independent director at I-Mab, a company listed on the Nasdaq Global Market (stock symbol: IMAB) from June 2021 to June 2024. Dr. Shao obtained a Bachelor's degree in Medicinal Chemistry in July 1983 from Nanjing College of Pharmacy (currently known as China Pharmaceutical University) in the PRC, a second Bachelor's degree in Law in July 1989 from Nanjing University in the PRC and a PhD degree in Pharmacy in July 2010 from Shenyang Pharmaceutical University in the PRC. Dr. Shao is a qualified lawyer in the PRC, licensed by the Jiangsu Justice Department in 2009 and is a holder of a Professor Qualification Certificate awarded by the Jiangsu Provincial Department of Education in August 2003.

**Ms. WU May Yihong**, formerly named as Wu Ning, aged 56, was appointed as an independent non-executive Director on August 11, 2023. She is currently the chairwoman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Ms. Wu has been an independent director and chairwoman of the audit committee of MakeMyTrip Limited, a company listed on Nasdaq (stock code: MMYT), since May 15, 2024. She has been an independent director of Noah Holdings Limited, a company listed on the New York Stock Exchange (stock symbol: NOAH) and the Main Board of the Stock Exchange (stock code: 6686) since November 2010. Since May 2017, Ms. Wu has been an independent non-executive director and the chairwoman of the audit committee of Swire Properties Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1972). Ms. Wu worked at Homeinns Hotel Group, the shares of which were listed on Nasdaq (stock code: HMIN) from October 2006 to April 2016, where she served as their board adviser from July 2019 to May 2023, chief strategy officer from May 2010 to June 2019 and chief financial officer from July 2006 to April 2010. Ms. Wu obtained a Bachelor's degree in Biochemistry in July 1989 from Fudan University in the PRC, a Master's degree of Arts in Economics in June 1993 from the Brooklyn College of the City University of New York, and a Master's degree in Business Administration in June 1998 from the J.L. Kellogg Graduate School of Management (currently known as Kellogg School of Management) of Northwestern University in the United States of America.

# BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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## COMPANY SECRETARIES

**Ms. CHUN Ka Yan**, was appointed as the company secretary of the Company on June 30, 2022 and resigned on August 12, 2023.

**Ms. DENG Yan**, was appointed as one of the joint company secretaries of the Company on August 12, 2023. Ms. Deng has been a qualified lawyer in the PRC since March 2013. She has more than 20 years of working experience and has extensive experience in the legal field. She first joined the Group as senior legal counsel in December 2016 and has been the general counsel of the Group since June 2019 and is responsible for leading the legal and compliance department of the Group and overseeing all legal and compliance matters of the Company. Prior to joining the Group, Ms. Deng was the legal counsel at the legal and compliance department of Alibaba Group from June 2014 to December 2016 and was responsible for handling legal matters related to the food, drug and medical devices sold on Tmall and Taobao platforms. Prior to joining Alibaba Group, from March 2003 to June 2014, she worked in multiple positions at Beijing Haihong Pharmacy E-Commerce Company Limited<sup>^</sup> (北京海虹藥通電子商務有限公司), a wholly-owned subsidiary of Searainbow Holding Corp. (海虹企業(控股)股份有限公司) (currently known as China Reform Health Management and Services Group Co., Ltd (國新健康保障服務集團股份有限公司) which is a company listed on the Shenzhen Stock Exchange (stock code: 000503), with her last position as deputy general manager. She obtained a Bachelor's degree in Law in June 2003 from the Minzu University of China in the PRC and a Master's degree in Civil and Commercial Law in January 2011 from Peking University in the PRC.

**Ms. TSUI Hiu Leong**, was appointed as one of the joint company secretaries of the Company on August 12, 2023. Ms. Tsui joined the Company in January 2023 as a legal counsel. Ms. Tsui has extensive experience in advising listed companies on mergers and acquisitions, corporate finance and compliance of the Listing Rules and securities and corporate laws. Prior to joining the Company, she worked for Guantao & Chow Solicitors and Notaries as a practising solicitor from 2018 to 2022. Ms. Tsui obtained a Bachelor's degree in Law from Jinan University in the PRC, a Master's degree in Common Law from The University of Hong Kong and a Bachelor's degree in Law from Manchester Metropolitan University in the United Kingdom. She was admitted as a solicitor of the High Court of Hong Kong in 2018 and is currently a member of the Law Society of Hong Kong.

## BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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Save as disclosed in this report, none of the Directors (i) has any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders; (ii) holds any directorship in any other Hong Kong or overseas listed public companies in the last three years; or (iii) holds any other positions with the Company or other members of the Group. For details of the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), please refer to the para headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares”. Further, save as disclosed in this report, there is no other matter with respect to the Directors that needs to be brought to the attention of the Shareholders and there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

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

# CORPORATE GOVERNANCE REPORT

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The Company strives to attain and maintain high standards of corporate governance continuously to enable its shareholders to evaluate how the principles of corporate governance have been applied, 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 (“**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) under Appendix C1 to the Listing Rules, except in respect of the following matters:

According to Code Provision C.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 served as both the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) from March 16, 2020 to the close of business on November 28, 2023. After joining the Group, Mr. Zhu has been 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 was the most suitable for Mr. Zhu to hold both the positions of the Chairman and the Chief Executive Officer as they believe that it would ensure consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board was also of the view that the balance of power and authority for such arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively. For the purpose of focusing on the Group’s long-term strategic development plan, Mr. Zhu has resigned from his position as the Chief Executive Officer with effect from the close of business on November 28, 2023 and Mr. SHEN Difan has been appointed as the Chief Executive Officer with effect from the same time. The Company had been in compliance with the requirements under the Code Provision C.2.1 of separating the roles of the chairman and the chief executive officer since the close of business on November 28, 2023.

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

# CORPORATE GOVERNANCE REPORT

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## THE BOARD

### Composition

As at March 31, 2024 and up to the date of this report, the Board comprised seven Directors, including (i) three executive Directors, namely Mr. ZHU Shunyan, Mr. SHEN Difan and Mr. TU Yanwu; (ii) two non-executive Directors, namely Ms. HUANG Jiaojiao (appointed on May 15, 2023) and Mr. XU Haipeng (appointed on October 19, 2023) (Mr. LI Faguang resigned on May 15, 2023); and (iii) three independent non-executive Directors, namely Ms. HUANG Yi Fei (Vanessa), Dr. SHAO Rong (appointed on August 11, 2023) and Ms. WU May Yihong (appointed on August 11, 2023) (Mr. LUO Tong and Mr. WONG King On, Samuel retired on August 11, 2023). The name and biographical details of each Director are disclosed on pages 73 to 76 of this report.

Each of Ms. HUANG Jiaojiao, Ms. WU May Yihong, Dr. SHAO Rong and Mr. XU Haipeng confirms that he/she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on May 18, 2023, August 11, 2023, August 16, 2023 and November 3, 2023, respectively; and (ii) understood his/her obligations as a Director.

The non-executive Directors and the independent non-executive Directors are appointed for a term of one year and their respective appointment shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of their appointment unless terminated by the Company in accordance with the term of their appointment letters and the provisions of the bye-laws of the Company, respectively.

During the year ended March 31, 2024 and up to the date of this report, all Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for the efficient and effective delivery of the Board's functions. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the nomination committee (the "**Nomination Committee**") of the Company.

Each independent non-executive Director, pursuant to the guidelines set out in rule 3.13 of the Listing Rules, has confirmed he/she had been independent of the Company throughout the year ended March 31, 2024 and up to the date of this report, and the Company also considers that they have been independent. Each independent non-executive Director is subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the bye-laws of the Company. Save as disclosed, there is no relationship (including financial, business, family or other material or relevant relationship) between each Director (including independent non-executive Director) and the other members of the Board or the senior management and between the Chairman and the Chief Executive Officer.

# CORPORATE GOVERNANCE REPORT

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## Function

The key responsibilities of the Board include, among other things, formulating the Group's overall strategies, setting any major acquisition and disposal, major capital investment and dividend policies, regulating and reviewing internal controls, formulating the Company's corporate governance policy, supervising management's performance and reviewing the adequacy of the Group's resources.

In addition, the Board reserves the authority to make final decisions for all major matters of the Company, which include among others, approving and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, adoption of various corporate governance policies, dividend payout (if any), preparation and release of financial information, material and connected transactions, appointment of Directors and other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated the day-to-day responsibilities, operations and decisions to the executive Directors and the senior management of the Company who perform their duties under the leadership of the Chief Executive Officer of the Company.

The independent non-executive Directors play a significant role on the Board by virtue of their independent judgment and their views carry significant weight in the Board's decisions. They bring an impartial view on issues of the Company's strategies, performance and controls.

The Company views that well-developed and timely reporting systems and internal controls are essential, and the Board plays a key role in the implementation and monitoring of internal financial controls.

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

- (a) to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Reporting Period, the Board has performed the above corporate governance duties.

# CORPORATE GOVERNANCE REPORT

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## Chairman and Chief Executive Officer

Mr. ZHU Shunyan (“**Mr. Zhu**”) has served as both the Chairman and the Chief Executive Officer from March 16, 2020 to the close of business on November 28, 2023. which does not comply with Code Provision C.2.1 requiring the roles of chairman and chief executive officer to be separate and not to be performed by the same individual. Mr. Zhu has resigned from his position as the Chief Executive Officer with effect from the close of business on November 28, 2023 and Mr. SHEN Difan has been appointed as the Chief Executive Officer with effect from the same time. The Company had been in compliance with the requirements under the Code Provision C.2.1 of separating the roles of the chairman and the chief executive officer since the close of business on November 28, 2023. For details, please refer to page 79 of this report.



# CORPORATE GOVERNANCE REPORT

The Board held 7 Board meetings during the Reporting Period. Agenda and accompanying board papers were sent to all Directors in a timely manner. Directors who could not attend in person could participate through electronic means of communications. Individual attendance of each Director at the Board meetings, Board Committee meetings and general meetings during the Reporting Period are set out in the table below:

Directors	Number of meetings attended/Number of meetings eligible to attend					
	Annual General Meeting	Special General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
<b>Executive Directors</b>						
Mr. ZHU Shunyan ( <i>Chairman</i> )	1/1	2/2	7/7	N/A	N/A	1/1
Mr. SHEN Difan	1/1	2/2	7/7	N/A	N/A	N/A
Mr. TU Yanwu	1/1	2/2	7/7	N/A	N/A	N/A
<b>Non-executive Directors</b>						
Ms. HUANG Jiaojiao (appointed on May 15, 2023)	1/1	2/2	7/7	N/A	1/1	N/A
Mr. XU Haipeng (appointed on October 19, 2023)	N/A	2/2	4/7	N/A	N/A	N/A
Mr. LI Faguang (resigned on May 15, 2023)	N/A	N/A	0/7	N/A	0/1	N/A
<b>Independent Non-executive Directors</b>						
Ms. HUANG Yi Fei (Vanessa)	1/1	2/2	7/7	4/4	1/1	N/A
Dr. SHAO Rong (appointed on August 11, 2023)	1/1	2/2	5/7	2/4	N/A	0/1
Ms. WU May Yihong (appointed on August 11, 2023)	1/1	2/2	5/7	2/4	0/1	0/1
Mr. LUO Tong (retired on August 11, 2023)	1/1	N/A	2/7	2/4	N/A	1/1
Mr. WONG King On, Samuel (retired on August 11, 2023)	1/1	N/A	2/7	2/4	1/1	1/1

# CORPORATE GOVERNANCE REPORT

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## Directors' Training

Each newly-appointed Director is offered training by the Company upon his or her appointment, so as to ensure that they have appropriate understanding of the Company's business and they are aware of their duties as directors under the applicable laws and regulations.

Pursuant to Code Provision C.1.4, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period, all of the following Directors participated in continuous professional development by attending seminar or by self-studying of materials on topics related to corporate governance, regulations and business:

### *Executive Directors*

Mr. ZHU Shunyan	Attend seminar and self-study
Mr. SHEN Difan	Attend seminar and self-study
Mr. TU Yanwu	Attend seminar and self-study

### *Non-executive Directors*

Ms. HUANG Jiaojiao (appointed on May 15, 2023)	Attend seminar and self-study
Mr. XU Haipeng (appointed on October 19, 2023)	Attend seminar and self-study
Mr. LI Faguang (resigned on May 15, 2023)	Attend seminar and self-study

### *Independent Non-executive Directors*

Ms. HUANG Yi Fei (Vanessa)	Attend seminar and self-study
Dr. SHAO Rong (appointed on August 11, 2023)	Attend seminar and self-study
Ms. WU May Yihong (appointed on August 11, 2023)	Attend seminar and self-study
Mr. LUO Tong (retired on August 11, 2023)	Attend seminar and self-study
Mr. WONG King On, Samuel (retired on August 11, 2023)	Attend seminar and self-study

## Board Committees

During the Reporting Period, the Company maintained the Audit Committee, the Nomination Committee and the Remuneration Committee in compliance with the Listing Rules and the relevant Code Provisions.

### Remuneration Committee

During the Reporting Period, the Remuneration Committee comprised Ms. HUANG Yi Fei (Vanessa) (Chairman), Mr. LI Faguang (resigned on May 15, 2023), Ms. HUANG Jiaojiao (appointed on May 15, 2023), Mr. WONG King On, Samuel (retired on August 11, 2023) and Ms. WU May Yihong (appointed on August 11, 2023) with specific terms of reference which clearly deals with its authority and duties.

# CORPORATE GOVERNANCE REPORT

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The main duties of the Remuneration Committee include:

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and other remuneration related matters and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- (b) to assess the performance of executive Directors and approve the terms of executive Directors' service contract and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (c) to make recommendations to the Board on the remuneration of non-executive Directors;
- (d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (e) to review, provide its view on and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (including but not limited to any change to the terms of share options or awards granted to the Directors and the management of the Company).

The Remuneration Committee held 1 meeting for the Reporting Period. The Remuneration Committee discussed and made recommendations on the remuneration to be paid to the Directors for the Reporting Period, and the grant of share options and restricted share units under the share award scheme of the Company adopted by the Company on November 24, 2014 and amended on August 11, 2023.

According to the Share Award Scheme, the Board or the Remuneration Committee (as the case may be) is entitled to impose any terms and conditions as it deems appropriate in its absolute discretion with respect to the vesting of the Options provided that the vesting period for the Options shall not be less than 12 months unless under specific circumstances set out in the Share Award Scheme. During the Reporting Period, some of the Share Awards granted to the grantees during the Reporting Period have a vesting period that is less than 12 months due to administrative reasons, the period between the date of grant and the first vesting date is less than 12 months to reflect the time from which the Options would have been granted to the grantees. The Share Awards granted during the Reporting Period are generally not subject to performance targets but are subject to the clawback mechanism in which any circumstances as specified in the respective grant letter shall arise, which include among others, the termination of the grantee's employment or service by the Company or any of its subsidiaries by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, the grantee has committed an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts or the commission of a criminal offence or any conduct that is materially adverse to the name, reputation or interests of the Group, the Share Awards granted but unvested will automatically lapse and not be exercisable (with regard to share options), in respect of the underlying Shares with effect upon the occurrence of the relevant circumstances.

# CORPORATE GOVERNANCE REPORT

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Having considered that (i) the grantees are Directors, directors of subsidiaries of the Company, employees of the Company and employees of affiliate(s) of the Company and the grant of Share Awards would provide them with the opportunity to acquire equity interests in the Company as recognition of their contribution to the success and development of the Group, and (ii) the Share Awards vest over a certain time period on a yearly basis which motivates them to remain with, and to strive for the future development and expansion of, the Group and the Remuneration Committee considered that performance targets are not necessary for the Share Awards granted.

Having considered the above, the Remuneration Committee was of the view that it is appropriate to approve the grant of Share Awards on such terms to the grantees as it would encourage them to work towards the success of the Group and reinforce their commitment to providing long term services to the Group, which aligns with the interests of the Company and its shareholders and is in line with the purpose of the Share Award Scheme.

## **Audit Committee**

During the Reporting Period, the Audit Committee comprised Mr. WONG King On, Samuel (Chairman) (retired on August 11, 2023), Mr. LUO Tong (retired on August 11, 2023), Ms. HUANG Yi Fei (Vanessa), Ms. WU May Yihong (Chairman) (appointed on August 11, 2023) and Dr. SHAO Rong (appointed on August 11, 2023) with specific terms of reference which clearly deals with its authority and duties.

The main duties of the Audit Committee include:

- (a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions in relation to its resignation or dismissal;
- (b) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to review the half-year and annual financial statements and annual and interim reports and accounts before submission to the Board;
- (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss;
- (e) to review the external auditor's management letter, any material queries raised by the auditor to the management about the accounting records, financial accounts or systems of control and management's response;
- (f) to review the Company's financial controls, risk management systems and internal control systems;
- (g) to review and monitor the effectiveness of the internal audit function, and ensure coordination with the external auditor, and ensure the internal audit function has adequate resources and appropriate standing within the Company;

# CORPORATE GOVERNANCE REPORT

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- (h) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting and financial reporting function;
- (i) to report on how it met its responsibilities in its review of the interim and annual results of the Company; and
- (j) to consider the major investigation findings on risk management and internal control matters and management's response to these findings (if any).

The Audit Committee held 4 meetings during the Reporting Period. The Audit Committee reviewed the financial statements of the Company for the Corresponding Period and for the six months period ended September 30, 2023, re-appointment of Ernst & Young as auditor of the Company, internal controls and risk management system and Ernst & Young's audit plan for the Reporting Period, and made relevant recommendations to the Board for its approval.

During the Reporting Period, a specialized internal audit function carried out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems.

## **Nomination Committee**

The Nomination Committee comprised Mr. ZHU Shunyan (Chairman), Mr. LUO Tong (retired on August 11, 2023), Mr. WONG King On, Samuel (retired on August 11, 2023), Dr. SHAO Rong (appointed on August 11, 2023) and Ms. WU May Yihong (appointed on August 11, 2023) with specific terms of reference which clearly deals with its authority and duties.

The main duties of the Nomination Committee include:

- (a) to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become members of the Board and to select or to make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of the independent non-executive Directors; and
- (d) to make recommendations to the Board on the appointment, re-appointment or removal of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company.

# CORPORATE GOVERNANCE REPORT

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The Nomination Committee held 1 meeting during the Reporting Period. The Nomination Committee, identified and nominated qualified individual(s) for appointment as additional Director(s) or to fill Board vacancies as and when they arise, assessed the independence of the independent non-executive Directors, reviewed the retirement schedule, made recommendations on the retirement and re-election of Directors and reviewed the composition, size and diversity of the Board.

## NOMINATION POLICY

The Board has adopted a nomination policy which sets out the criteria and process in the nomination and appointment of Directors. Below are the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

### Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- (in case of independent non-executive Directors) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

# CORPORATE GOVERNANCE REPORT

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## Directors Nomination Procedures

The Board has the relevant procedures for Directors' nomination which are pursuant to the Listing Rules and the Company's bye-laws as detailed below.

### **(a) Appointment of New Director**

The Nomination Committee or the company secretary of the Company shall call for a meeting of the Nomination Committee upon receipt of any nominations of candidates. The Nomination Committee should evaluate such candidate based on the selection criteria mentioned above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship. For any person that is nominated by a Shareholder for election as a Director at the general meeting, the Nomination Committee and/or the Board should evaluate such candidate based on the same selection criteria as mentioned above to determine whether such candidate is qualified for directorship, and where appropriate, the Nomination Committee and/or the Board should make recommendation to the Shareholders in respect of the proposed election of Director at the general meeting. The Board should have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

### **(b) Re-election of Director at General Meeting**

Retiring Directors are eligible for nomination by the Board to stand for re-election at the general meeting according to the bye-laws of the Company. The Nomination Committee and/or the Board should review the overall contribution and service of the retiring Director to the Company, his/her level of participation and performance on the Board and determine whether the retiring Director continues to meet the above selection criteria. The Nomination Committee and/or the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at the general meeting.

## Board and Workforce Diversity

With effect from June 19, 2014, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Board considered that the diversity of Board members can be achieved through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. The Nomination Committee reviews the board diversity policy on a regular basis and discusses any revisions that might be required, and recommends to the Board for consideration and approval. An annual review of this policy for the Reporting Period has been conducted. The Board is satisfied with the implementation and effectiveness of the board diversity policy.

# CORPORATE GOVERNANCE REPORT

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As at March 31, 2024, the Board comprised four males and four females, and among the 1,435 full-time employees of the Group (including the senior management), the ratio of male to female staff was approximately 1.2:1. The Board considers that the Board, the Group's senior management and workforce are all diverse in terms of gender. At present, the Company has not set any measurable objectives for implementation of the diversity policies in relation to the Board members and the workforce of the Group (including gender diversity). However, the Company will consider and review from time to time such diversity policies (including gender diversity) and setting of any measurable objectives (if applicable).

## Model Code for Securities Transactions

The Company has adopted its own code for securities transactions by the (i) Directors; and (ii) certain officers and employees of the Company or its subsidiaries that are considered to be likely in possession of unpublished inside information in relation to the Company or its securities, on terms not less exacting than those in the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

In response to specific enquiries made by the Company to all Directors, all Directors have confirmed that they have complied with the Model Code and the Company's code for securities transactions throughout the Reporting Period.

## COMPANY SECRETARIES

With effect from August 12, 2023, Ms. CHUN Ka Yan resigned as the company secretary of the Company in order to focus on the other business affairs of Alibaba Group, and the Company appointed Ms. Deng Yan and Ms. Tsui Hiu Leong as the joint company secretaries of the Company on the same day.

During the Reporting Period, Ms. Deng Yan and Ms. Tsui Hiu Leon had taken relevant professional training for no less than 15 hours in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

## REMUNERATION OF SENIOR MANAGEMENT BY BAND

The remuneration of the senior management of the Company (namely three Directors, whose biographies are set out on pages 73 to 74 of this report) during the Reporting Period falls under the following bands:

<b>Band of remuneration (RMB)</b>	<b>Number of individuals</b>
5,000,001 to 10,000,000	2
15,000,001 to 20,000,000	1



# CORPORATE GOVERNANCE REPORT

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Further particulars of Directors' remuneration and the five highest paid employees of the Company as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 7 and 8 to the consolidated financial statements respectively.

## AUDITOR'S REMUNERATION

The remuneration paid to Ernst & Young for audit and non-audit services for the Reporting Period amounted to approximately RMB4,130,000 and RMB2,554,000, respectively. The non-audit services provided by Ernst & Young to the Group were in relation to the review service on the interim results, limited assurance services on continuing connected transactions, other professional service related to the environmental, social and governance assessment, tax review service and transfer pricing review service.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the management of the Group maintain a sound and effective system of internal controls of the Group so as to ensure the effectiveness and efficiency of operations of the Group in achieving its established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations.

The Board is also responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, the Board reviews the effectiveness of these systems. For the avoidance of doubt, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

It is also the Board's responsibility to review the effectiveness of the Group's risk management system and ensure that risk management controls are sound and effective to safeguard the investment of the Shareholders and the Group's assets at all times. In connection with this, the Board formed a risk management committee (the "**Risk Management Committee**") on November 23, 2016 to discharge its role in monitoring and in exercising oversight over the risk management of the Company.

During the Reporting Period, the Company has regularly monitored its transactions in the identifying potential connected transactions to ensure that connected transaction implications on VIE arrangements would be identified in a prompt manner, and relevant staff and management had also attended training on legal and compliance matters related to the Listing Rules.

The Audit Committee and the Board performed its annual review of the Group's risk management and internal controls for each financial year from April 1 to March 31 and concluded that for the Reporting Period, (a) the Group's risk management and internal control systems were effective and adequate; (b) the Group had adopted the necessary control mechanisms to monitor and correct non-compliance; and (c) the Group had complied satisfactorily with the requirements of the CG Code in respect of risk management and internal control systems.

# CORPORATE GOVERNANCE REPORT

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## SHAREHOLDER COMMUNICATION POLICY

### Purpose

1. This policy aims at ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

### Communication Strategies

#### *Communication with the Company*

2. Shareholders may direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Those questions, requests and comments can be sent by mail to the company secretary of the Company at 26/F, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
3. Shareholders may direct their questions about their shareholdings by mail to the Company's Share Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

#### *Corporate Website*

4. The Company communicates to its Shareholders through announcements and interim and annual reports published on its website at <http://www.irasia.com/listco/hk/alihealth/>. The information on the website is updated on a regular basis.
5. Information released by the Company to the Stock Exchange is also posted on the Stock Exchange's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

#### *Shareholders' meetings*

6. The Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
7. The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.
8. Board members, in particular, either the chairman of the Board or chairman of Board committees or their delegates, appropriate management executives and external auditor will attend annual general meetings to answer Shareholders' questions.

# CORPORATE GOVERNANCE REPORT

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Upon reviewing the implementation and effectiveness of the Shareholders' communication policy of the Company, the Board considers the policy and its implementation are effective as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company and the Company has complied with the principles and required practices as set out in the policy as described above during the Reporting Period.

## Shareholder Privacy

The Company recognizes the importance of the Shareholders' privacy and will not disclose Shareholders' information without their consent, except where required by applicable laws and regulations, any stock exchanges (including the Stock Exchange) or any governmental, judicial or relevant competent authorities.

## SHAREHOLDERS' RIGHTS

### Procedures for shareholders to convene a special general meeting

Shareholders, holding at the date of deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company, shall at all times have the right by written requisition to the Board or the company secretary, to require a special general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition.

The requisitionists must state the purpose of the meeting and their contact details in the requisition, and sign and deposit the requisition at the principal place of business of the Company for the attention of the company secretary.

The SGM shall be held within two months from the deposit of the requisition. If the Board fails to proceed to convene the SGM within 21 days of such deposit, the requisitionists may convene the SGM by themselves in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended) (the "**Companies Act**").

### Procedures for putting forward proposals at general meetings

Shareholders holding not less than 5% of the total voting rights of all Shareholders having a right to vote at the general meeting or not less than 100 Shareholders can submit a written request stating a resolution to be moved at the annual general meeting or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The requisitionists must sign and deposit the written request or statement at the registered office of the Company and the principal place of business of the Company for the attention of the company secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

# CORPORATE GOVERNANCE REPORT

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If the written request is in order, the company secretary will ask the Board to include the resolution in the agenda for the annual general meeting, as the case may be, to circulate the statement for the general meeting, provided that the requisitionists have deposited a sum of money reasonably determined by the Board sufficient to meet the expenses in serving the notice of the resolution and/or circulating the statement submitted by the requisitionists in accordance with the statutory requirements to all the registered Shareholders.

## Procedures for sending enquiries to the Board

Shareholders may send their enquiries with sufficient contact details to the Board at the principal place of the business of the Company for the attention of the company secretary. When the written enquiries are in order, the Company will direct them to the Board.

## CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Reporting Period.

The Board proposes to amend the existing bye-laws of the Company in order to, *inter alia*, (i) comply with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers to their securities holders and the relevant amendments to the Listing Rules which came into effect on December 31, 2023; (ii) allow the Company to hold and resale its shares as treasury shares in accordance with applicable laws of Bermuda and the recent amendments to the Listing Rules relating to treasury shares which became effective on June 11, 2024; and (iii) incorporate certain other consequential and housekeeping changes (the “**Proposed Amendments**”). The Proposed Amendments will be presented to the Shareholders for approval as a special resolution at the forthcoming annual general meeting of the Company.

## DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders’ approval. In proposing any dividend payout, the Board shall also take into account, among other things, the Group’s financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Act, the Company’s bye-laws and all applicable laws and regulations.

# CORPORATE GOVERNANCE REPORT

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## MECHANISM ON OBTAINING INDEPENDENT VIEWS AND INPUT

The Board has adopted a mechanism on obtaining independent views and input in that the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors' duties at the Company's expense.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

Despite having obtained any information or advice from independent professional advisers, the Directors are expected to exercise independent judgement in forming their decisions.

All Directors are aware of this mechanism. An annual review of this mechanism for the Reporting Period has been conducted. The Board is satisfied with the implementation and effectiveness of this mechanism.

## WHISTLEBLOWING POLICY

The Company's whistleblowing policy was adopted on November 29, 2022. The Company's whistleblowing policy allows employees and relevant third parties who deal with the Group to voice concerns, in confidence and anonymity, with the integrity department of the Company about misconduct, malpractice or irregularities in any matters related to the Group who then conducts an investigation into the matter and later report on the findings of such investigation to the Audit Committee (or any designated committee comprising a majority of independent non-executive directors).

## ANTI-CORRUPTION POLICY

The Company has adopted an Anti-Bribery and Anti-Corruption Policy, which sets forth the obligations and responsibilities of the Company on the prevention of corruption and bribery practices and provide standards and guidelines for all employees. The Company and its employees are subject to anti-bribery and anti-corruption laws and regulations in the jurisdictions where their business is conducted.

The anti-corruption policy will be reviewed on a regular basis, and any conduct or activity in violation of the policy will be reported to the legal and compliance department of the Company.

# CORPORATE GOVERNANCE REPORT

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## HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has in place a policy for the handling and disclosure of inside information in compliance with the SFO and the Listing Rules. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Under the policy, if an employee is aware of any information which he/she thinks could potentially constitute inside information, the employee should consult his/her supervisor who should consider whether to report the matter to the chief financial officer or chief legal officer of the Company.

Directors regularly attend seminars and/or self-study materials on this subject matter to facilitate their understanding and compliancy with the policy.

## DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Company's financial statements of the Group (the "**Financial Statements**") which give a true and fair view and are in accordance with Hong Kong Financial Reporting Standards published by the Hong Kong Institute of Certified Public Accountants. The Directors endeavor to ensure a balanced, clear and understandable assessments of the Group's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

The statement of the Company's auditor about their reporting responsibilities on the Financial Statements is set out in the Independent Auditor's Report on pages 106 to 112 of this report.

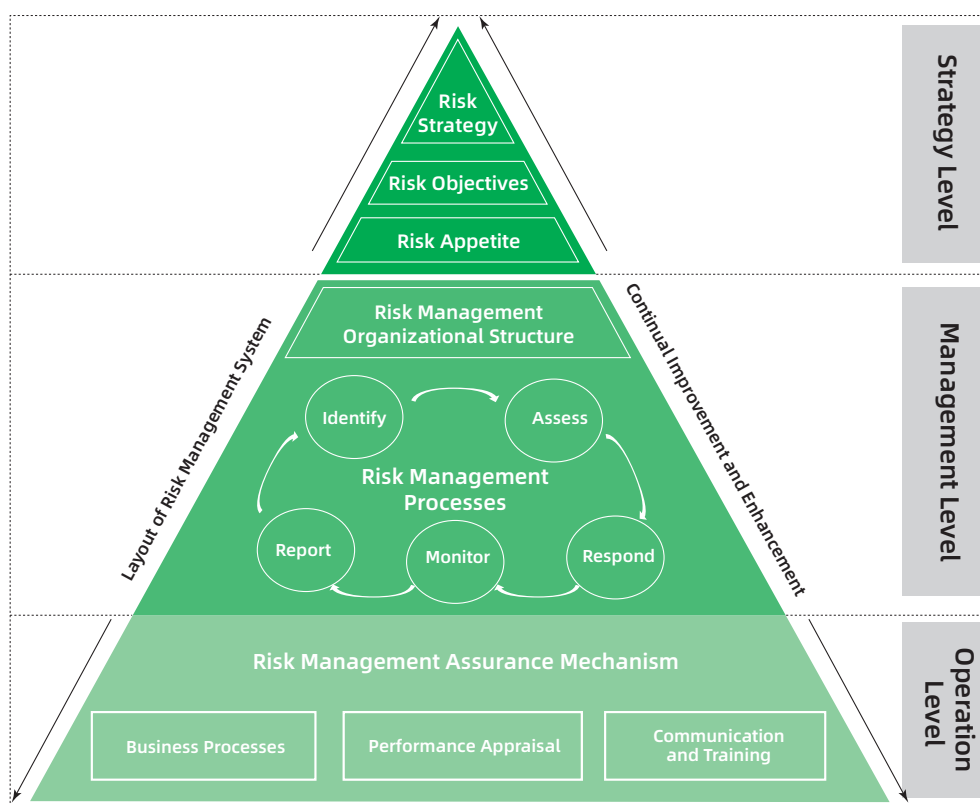
# RISK MANAGEMENT AND INTERNAL CONTROL

## 1. RISK MANAGEMENT AND INTERNAL CONTROL

The Group considers risk management and internal control to be a core part of its operational management and business activities. The Group is committed to: (i) establishing a comprehensive risk management system that is in line with the Group’s strategy and its specific business characteristics; (ii) continually optimizing its risk management organizational structure; (iii) enhancing its risk management processes; and (iv) adopting qualitative and quantitative risk management approaches to drive better identification, assessment and response of risks, to achieve a balance between risks and rewards, and to achieve sustainable development of the Group’s businesses while appropriately managing risks.

## 2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control systems aim to support the Group in realizing its strategic objectives, vision and mission as well as the sustainable development of its business. The risk management objectives of “Strategy”, “Operation”, “Reporting” and “Compliance” can be achieved through risk identification, assessment, response and relevant monitoring measures. Risk management capability is one of our core competitive competencies, and we believe that implementing risk management and internal control systems over each business segment and every functional department across the Group will help enhance long-term shareholder value. The Group’s risk management and internal control framework includes three levels: strategy, management and operation.



# RISK MANAGEMENT AND INTERNAL CONTROL

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- **Risk Management Strategy**

The Group's risk management strategy aims at "ensuring steady growth and sustainable development of the Group's businesses through continual optimization of the Group's risk management framework, capability and culture".

- **Risk Management Objectives**

The Group's risk management objectives include: (1) strategic objective – to construct our risk management and internal control systems so that they are compatible with the Group's strategic objectives and business development, and support the achievement of its strategic goals and sustainable business development; (2) operational objective – to continuously improve the Group's risk management capabilities, thereby reducing uncertainties in the achievement of our operational goals, supporting our business expansion and innovative activities, and ensuring the efficiency and effectiveness of our operational activities; (3) reporting objective – to ensure the validity, accuracy and completeness of our financial and operation management reporting; and (4) compliance objective – to ensure compliance with both external regulatory requirements and internal management policies, standardize our operational management and business processes to maintain the legality and compliance of each business activity of the Company.

- **Risk Appetite**

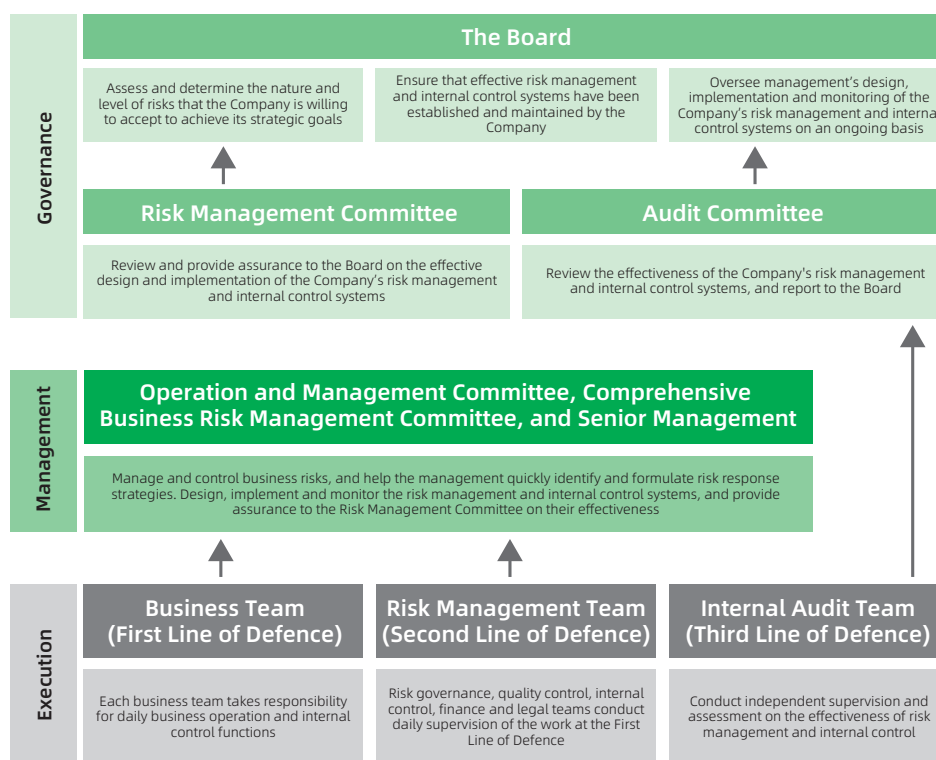
Risk appetite sets the tone for the Group's overall risk profile. Having adopted a prudent stance in the determination of its risk appetite, the Group integrates its development strategies with its risk appetite by taking into account its overall strategic deployment and the needs of each business segment, thereby facilitating the healthy operation and sustainable growth of the Group as well as each business line.



# RISK MANAGEMENT AND INTERNAL CONTROL

- Risk Management Organizational Structure**

The Group's risk management organizational structure has three levels: governance, management and execution. The risk management responsibilities and reporting relationships of the different levels are illustrated below.



- Risk Management Processes**

- Risk identification – based on the Group's strategic and operational objectives, management identifies uncertainties and risk exposures which could affect the Group in realizing its strategic and operational objectives in nine major areas, including strategy, operation, quality, customers service, finance, laws, human resources, information technology and data, and reputation.
- Risk assessment – management and its management team evaluate and rate the identified risks based on the two dimensions of probability and impact and ranks them as "high", "moderate" or "low" based on the rating results.
- Risk response – risk response strategies include risk avoidance, transfer, mitigation and acceptance. Based on the risk identification and assessment results, management adopts appropriate risk response strategy to design relevant measures to address the specific risk.

# RISK MANAGEMENT AND INTERNAL CONTROL

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- Risk monitoring – risk monitoring is to oversee the implementation of risk response measures as well as to continuously improve the effectiveness of internal control activities, which includes ongoing monitoring during daily business operation and regular independent assessment.
- Risk reporting – risk reporting is to report on the effectiveness of the design and implementation of the risk management and internal control systems to the Group management, the Board, the Audit Committee and the Risk Management Committee.
- **Risk Management Assurance Mechanisms**
  - The Group’s management actions for risk response include processes and internal control activities at the organizational, operational, financial reporting and IT system levels. The relevant processes and internal control activities have been recorded in internal control manuals and policies, which are published on our policy management platform as reference and learning materials for all employees. The Group also established a rules center to publicize policies and requirements in respect of the management of partners and businesses.
  - Risk management performance appraisal provides assurance for risk management implementation and the Group ensures implementation of its risk management strategies by raising all employees’ risk awareness, standardizing internal control processes and adopting the accountability mechanism of all employees.
  - The Group ensures the implementation of operational procedures, policies and internal control activities through related communication and trainings on risk management and internal control, which may take such forms as centralized training sessions, seminars, on-job communication and instructions, online video courses, e-mail reminders and online examinations etc., covering content such as policies, internal control, legal and regulatory compliance, integrity, and data security management.

## 3. MAIN RISK MANAGEMENT AND INTERNAL CONTROL WORK CONDUCTED DURING THE REPORTING PERIOD

- During the Reporting Period, the Risk Management Committee held a meeting to review the risk management and internal control systems and reported to the Board. The tasks completed by the Risk Management Committee during the Reporting Period included:(1) discussion and review of the Group’s findings on major risk identification and assessment, the risk management strategies and control measures in response to key risks; (2) discussion and review of the Risk Management and Internal Control Report required to be disclosed in the annual report for the Reporting Period; and (3) discussion and review of the work plan and key points of risk management and internal control work for the financial year ending March 31, 2025 (“FY2025”) as well as the expected output and timetable etc.

# RISK MANAGEMENT AND INTERNAL CONTROL

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- The Group's management and respective management teams identified uncertainties and risk exposures in nine major areas (including strategic risk, operational risk, quality risk, customer service risk, financial risk, legal risk, human resources risk, information technology and data security risk, and reputational risk); completed the ranking of the identified risks; discussed risk response proposals and measures, which formed the main basis for risk management and internal control work for the year.
- The Group has established the Operation and Management Committee, comprising the Chairman, the Chief Executive Officer, chief financial officer, chief talent officer, chief technology officer, chief business analytics officer, and general managers of the direct sales business division and the platform business division of the Company. Through in-depth analysis and research on the competition, existing business segments as well as business operation status, the Operation and Management Committee develops the Group's thorough understanding of and insight into the industry, to facilitate the management of strategic risks, ensure that the strategic decisions of the Group align with its business direction, and to adjust the approach to strategy implementation based on the operating results.
- The "Comprehensive Business Risk Management Committee" is a problem-solving-oriented committee established under the Chief Executive Officer of the Company, which comprises the heads of major functional departments responsible for risk management of the Group. By focusing on managing and controlling the risks related to the Group's businesses, it helps the management team quickly identify and formulate the strategies of risk response, and promotes the comprehensive enhancement in the risk management capability of the Group.
- The business team took steps to standardize the operational procedures and relevant product systems for key businesses and management activities, formulated policies and published the same on our policy management platform as reference and learning materials for all employees.
- The risk management teams, including the risk management team, quality control team, internal control team, financial team, legal team, government affairs team and public affairs team, provide supports in term of risk management and control expertise and capabilities from their respective professional perspectives, and conduct daily supervision of the work at the First Line of Defence to ensure effective implementation of risk response measures.
- The Group arranged training sessions related to risk management for all staff on a quarterly basis to promote risk management awareness and promote risk management culture. Topics covered by such training sessions included, among other things, guidance of business processes and internal controls, code of business conduct, compliance with business-related laws and regulations, and data security management.

# RISK MANAGEMENT AND INTERNAL CONTROL

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## 4. DISCLOSURE OF MATERIAL RISKS

During the Reporting Period, the Group identified, analyzed and prioritized all the potential risks faced by its existing and new businesses. The following table sets forth risks that were ranked as “high”:

Major Risks	Description of Risks	Risk Response Measures
<b>Legal Risks</b>	As the Company operates its principal businesses under a strict regulatory regime, if we breach applicable regulatory requirements, we may be subject to penalties which may adversely affect our brand reputation and business. If we fail to have a timely understanding of changes in and updates on applicable policies and regulations, or fail to sufficiently assess the impact of policies and regulations changes on our business operation, management would be unable to adopt response measures on a timely basis, which would affect the Company’s regular business activities and its business continuity.	<ul style="list-style-type: none"><li>• Establish relevant business processes and internal control measures, and added internal monitoring and checks by specialist teams in relation to matters involving regulatory issues, to ensure that the Company’s business operations comply with regulatory requirements;</li><li>• Stay up-to-date with applicable rules, regulations and regulatory requirements issued by the government and regulators via announcements and notices from the authorities, as well as the news media and the Internet. The Group also actively participates in forums organized by the government and regulators to ensure that it is fully aware of the latest government and regulatory requirements and changes in a timely manner;</li><li>• Establish information sharing channels to keep business teams abreast of the latest regulatory requirements; we also organize regular internal seminars and trainings to study and discuss applicable rules, regulations and regulatory requirements issued by the government and regulators, with a view to ensuring that relevant business teams accurately understand the policies and regulations; and</li><li>• The legal and business teams jointly assess the impact of policy and regulatory changes on our business, and design response measures and alternative business models in response to the changes, so as to ensure business continuity as well as regulatory compliance.</li></ul>

# RISK MANAGEMENT AND INTERNAL CONTROL

Major Risks	Description of Risks	Risk Response Measures
<b>Information Technology and Data Security Risks</b>	<p>As an Internet company, information technology and data form the foundation for our business development and operation, as well as one of the competitive advantages to help maintain high innovation levels and to become an industry leader. Any failure or postponement in our product research and development (R&amp;D), disruption of transactions due to malfunctioning information systems, or leakage or loss of or unauthorized tampering of our data would have a material adverse impact on us achieving our strategic objectives, our brand reputation, business continuity and customer satisfaction.</p>	<ul style="list-style-type: none"> <li>Established standardized product R&amp;D procedures, R&amp;D project management mechanisms, coordination, communication and incentive mechanisms for cross-team cooperation among R&amp;D, business, product and marketing teams to ensure timely and effective development of products that meet business needs;</li> <li>Established IT system maintenance standards and business continuity guarantee mechanisms, contingency plans for IT system interruption, and disaster recovery plans and drills to ensure smooth and uninterrupted operation of our systems and to improve the capability of the system to respond quickly to risk events; and</li> <li>To comprehensively safeguard the Group from the risks of data leakage, loss and tampering from three areas of staff, processes and information technology, the Group (i) has established management procedures for data collection and transmission, storage security, encrypted protection, authorized access and usage, and destruction; (ii) has deployed information technology for data security management and encrypted protection; and (iii) organizes regular trainings to communicate data security and confidentiality requirements to all our employees.</li> </ul>

# RISK MANAGEMENT AND INTERNAL CONTROL

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Major Risks	Description of Risks	Risk Response Measures
<b>Competitive Risks</b>	<p>In China, there is intense competition in the Internet healthcare sector. The continuous evolution in business and operational models, as well as significant moves or decisions by major competitors in the industry and new entrants, may bring potential threats to and have adverse impact on the Group's business and competitive advantages.</p>	<ul style="list-style-type: none"><li>• The responsible manager for each business segment closely monitors the competitive situation of his/her business segment, and reports on the relevant information and share his/her insight and judgment at the monthly management meeting;</li><li>• We have a specialist team which conducts in-depth analysis and research on competition in the industry regularly and reports to management for reference, which enables management to make informed business decisions and develop appropriate operational strategies and effective solutions to address the competitive risks; and</li><li>• Senior management is committed to innovative and diversified management in relation to our business plans and deployments. In the course of steadfastly executing the strategic decisions, senior management strives for the Company to develop and accumulate core competitive advantages and become an unsurpassable company in the industry.</li></ul>

# RISK MANAGEMENT AND INTERNAL CONTROL

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## 5. OUTLOOK AND KEY ACTIONS FOR FY2025

- Continue to reinforce the Group's risk management and internal control structure and drive its implementation, so as to continually improve the Group's risk management capabilities to ensure compliance with the CG Code and alignment with best industry practices.
- Continue to supervise each business line and functional department to promote and optimize the design, implementation and operation of our risk management and internal control systems, and conduct independent supervision and assessment to ensure the effective design and implementation of internal control for major risks.
- Continue to focus on material changes and updates of key risks and make timely adjustments to the risk response measures and solutions accordingly.
- Further establish and improve the Group's policy and process guidelines and system of rules, strengthen internal and external publicity, and create a good business environment.
- Ongoing risk management trainings and risk management culture education for all staff to enhance their awareness of risk management, reinforce the accountability mechanism, and ensure implementation of the Group's risk management strategies.

In the face of existing and emerging risks, the Group must maintain continual and strict supervision and control under effective risk management and internal control systems. The Group has a management team well-attuned to the importance of risk management, which will proactively identify, prevent and manage risks and continually seek to improve the Group's risk management and internal control systems.

## 6. STATEMENT OF THE BOARD REGARDING INTERNAL CONTROL RESPONSIBILITY

The Group's internal controls aim at ensuring compliance of its operations with laws and regulations, the security of its assets and the validity and completeness of its financial reports and related information, to enhance its operational efficiency and effectiveness and facilitate the realization of its growth strategies. The Group has established internal control procedures to safeguard against the unauthorized use or disposition of its assets, to ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure compliance with applicable laws, rules and regulations. During the year, the Group conducted a comprehensive self-assessment of its internal controls and reported the result to the Audit Committee and the Board, and no significant deficiencies were identified. The Board believes that, for the Reporting Period, the Group's existing internal control systems were sufficient and effective to assure the interests of the Group and its shareholders.

# INDEPENDENT AUDITOR'S REPORT

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

## OPINION

We have audited the consolidated financial statements of Alibaba Health Information Technology Limited (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 227, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<b><i>Impairment of investments in associates</i></b>	
<p>As at March 31, 2024, the Group held investments in associates of approximately RMB2,285.9 million, which was significant to the consolidated financial statements. Management assessed the existence of indicators of impairment for investments in associates and accordingly, with the assistance of an independent valuer, performed impairment test for the investments with impairment indicators identified by comparing the carrying amounts as at March 31, 2024 with the corresponding recoverable amounts. The recoverable amount was determined using the higher of fair value less costs of disposal and value in use of the investment. Significant management judgements and estimates are required to determine the expected future cash flows and the assumptions used including revenue growth rates, budgeted gross margins, discount rate and perpetual growth rate.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 17.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"><li>• Evaluated the Group's policies and procedures of identifying indicators for potential impairment of the investments in associates;</li><li>• Evaluated the capabilities and objectivity of the independent valuer;</li><li>• Assessed the reasonableness of expected revenue and margins by making enquiries with management and with reference to historical information and industry development expectations;</li><li>• With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates;</li><li>• Checked the mathematical accuracy of management's valuation schedules; and</li><li>• Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.</li></ul>

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Fair value measurement of financial assets at fair value through profit or loss</i></b></p> <p>As at March 31, 2024, the carrying amount of the Group's financial assets at fair value through profit or loss was approximately RMB1,568.0 million, which was significant to the financial statements.</p> <p>Management estimated and measured the fair values of unlisted equity investments, with the assistance of an independent valuer, using a market-based valuation technique which required management to apply significant judgements and estimates, such as comparable public companies, relevant price multiples and discounts for illiquidity.</p> <p>Relevant disclosures are included in notes 2.4, 3, 23 and 35.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"><li>• Evaluated the capabilities and objectivity of the independent valuer;</li><li>• With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the judgements and estimates used, including comparable public companies, relevant price multiples and discounts for lack of marketability;</li><li>• Checked the mathematical accuracy of management's valuation schedules; and</li><li>• Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.</li></ul>

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Impairment of goodwill</i></b></p> <p>As at March 31, 2024, the carrying amount of the Group's goodwill was approximately RMB810.9 million. In accordance with Hong Kong Accounting Standard ("HKAS") 36 <i>Impairment of Assets</i>, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test involved significant management's judgement and estimates, such as expected revenue growth rates, budgeted gross margins, discount rates and perpetual growth rates.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 14.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"><li>• Evaluated the capabilities and objectivity of the independent valuer;</li><li>• Assessed the reasonableness of expected revenue and margins by making enquiries with management and with reference to historical information and industry development expectations;</li><li>• With the assistance of our internal valuation specialists, examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates;</li><li>• Checked the mathematical accuracy of management's valuation schedules; and</li><li>• Evaluated the adequacy of the relevant disclosures in the consolidated financial statements.</li></ul>

# INDEPENDENT AUDITOR'S REPORT

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## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

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## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

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## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
May 27, 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended March 31, 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
REVENUE	5	27,026,555	26,763,016
Cost of sales		(21,131,234)	(21,061,682)
Gross profit		5,895,321	5,701,334
Other income and gains	5	674,755	618,069
Operating expenses			
Fulfilment		(2,413,212)	(2,907,137)
Selling and marketing expenses		(1,776,564)	(1,768,675)
Administrative expenses		(359,980)	(379,487)
Product development expenses		(705,382)	(677,822)
Other expenses and losses		(363,644)	(40,836)
Finance costs	13(b)	(5,969)	(5,833)
Share of profits/(losses) of:			
Joint ventures		1,039	48,981
Associates		(6,965)	(37,600)
PROFIT BEFORE TAX	6	939,399	550,994
Income tax expense	9	(56,263)	(14,485)
PROFIT FOR THE YEAR		883,136	536,509
Attributable to:			
Owners of the parent		883,477	535,653
Non-controlling interests		(341)	856
		883,136	536,509
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		RMB6.29 cents	RMB3.97 cents
Diluted		RMB6.27 cents	RMB3.96 cents

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated)
PROFIT FOR THE YEAR		<b>883,136</b>	536,509
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Group's subsidiaries		<b>(201,875)</b>	(296,049)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company Equity investment designated at fair value through other comprehensive income:		<b>477,059</b>	639,609
Changes in fair value		<b>(27,888)</b>	(30,090)
Income tax effect	27	–	2,174
		<b>(27,888)</b>	(27,916)
Share of other comprehensive loss of associates		<b>(406)</b>	–
Income tax effect		<b>101</b>	–
		<b>(305)</b>	–
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		<b>448,866</b>	611,693
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<b>246,991</b>	315,644
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<b>1,130,127</b>	852,153
Attributable to:			
Owners of the parent		<b>1,130,468</b>	851,297
Non-controlling interests		<b>(341)</b>	856
		<b>1,130,127</b>	852,153



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2024

	Notes	March 31, 2024 RMB'000	March 31, 2023 RMB'000 (Restated)	April 1, 2022 RMB'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property and equipment	12	35,576	14,235	20,176
Right-of-use assets	13(a)	68,091	54,313	144,930
Goodwill	14	810,853	810,853	810,853
Other intangible assets	15	292,069	309,010	326,215
Investments in joint ventures	16	250,480	249,441	160,660
Investments in associates	17	2,285,936	2,336,704	2,340,814
Equity investment designated at fair value through other comprehensive income	22	101,659	122,062	140,900
Financial assets at fair value through profit or loss	23	1,567,998	1,883,292	1,661,490
Other receivables and other assets	20	31,568	20,024	13,030
Deferred tax assets	27	54,870	34,096	17,418
Long-term time deposits	21	694,000	–	–
<b>Total non-current assets</b>		<b>6,193,100</b>	5,834,030	5,636,486
<b>CURRENT ASSETS</b>				
Inventories	18	1,399,738	2,102,312	1,550,150
Trade and bills receivables	19	785,136	578,787	515,985
Prepayments, other receivables and other assets	20	1,490,534	1,139,940	864,875
Prepaid tax		5,313	25,318	23,525
Restricted cash	21	278,406	150,262	63,125
Cash and cash equivalents	21	9,553,110	10,917,171	10,547,851
<b>Total current assets</b>		<b>13,512,237</b>	14,913,790	13,565,511
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	24	3,350,566	3,714,047	3,528,597
Other payables and accruals	25	997,143	1,127,492	941,376
Contract liabilities	26	554,683	495,066	260,678
Lease liabilities	13(b)	34,194	37,437	50,656
Tax payable		88,872	63,402	40,826
<b>Total current liabilities</b>		<b>5,025,458</b>	5,437,444	4,822,133

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2024

	Notes	March 31, 2024 RMB'000	March 31, 2023 RMB'000 (Restated)	April 1, 2022 RMB'000 (Restated)
NET CURRENT ASSETS		<b>8,486,779</b>	9,476,346	8,743,378
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>14,679,879</b>	15,310,376	14,379,864
NON-CURRENT LIABILITIES				
Lease liabilities	13(b)	<b>47,976</b>	40,361	84,758
Deferred tax liabilities	27	<b>114,299</b>	122,816	118,891
Other payables		–	–	106,363
Total non-current liabilities		<b>162,275</b>	163,177	310,012
Net assets		<b>14,517,604</b>	15,147,199	14,069,852
EQUITY				
Equity attributable to owners of the parent				
Share capital	28	<b>142,780</b>	119,133	119,102
Treasury shares	28	<b>(101,946)</b>	(70,482)	(23,516)
Reserves	30	<b>14,503,378</b>	15,124,922	14,000,453
Non-controlling interests		<b>14,544,212</b> <b>(26,608)</b>	15,173,573 (26,374)	14,096,039 (26,187)
Total equity		<b>14,517,604</b>	15,147,199	14,069,852

**Shen Difan**  
Director

**Tu Yanwu**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2024

Notes	Attributable to owners of parent											Total equity RMB'000
	Share capital RMB'000	Share premium account <sup>^</sup> RMB'000	Treasury shares RMB'000	Merger reserve <sup>^</sup> RMB'000	Exchange fluctuation reserve <sup>^</sup> RMB'000	Employee share-based compensation reserve <sup>^</sup> RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income <sup>^</sup> RMB'000	Other reserves <sup>^</sup> RMB'000	Accumulated losses <sup>^</sup> RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At March 31, 2023	119,133	43,734,076	(70,482)	(28,189,579)	(380,919)	477,237	613	325,319	(841,691)	15,173,707	(26,374)	15,147,333
Effect of adoption of amendments to HKAS 12 2.2(c)	-	-	-	-	-	-	-	-	(134)	(134)	-	(134)
At April 1, 2023 (restated)	119,133	43,734,076	(70,482)	(28,189,579)	(380,919)	477,237	613	325,319	(841,825)	15,173,573	(26,374)	15,147,199
Profit for the year	-	-	-	-	-	-	-	-	883,477	883,477	(341)	883,136
Other comprehensive income for the year:												
Changes in fair value of the equity investment at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(27,888)	-	-	(27,888)	-	(27,888)
Share of other comprehensive loss of an associate, net of tax	-	-	-	-	-	-	-	(305)	-	(305)	-	(305)
Exchange differences on translation of the Company and its subsidiaries	-	-	-	-	275,184	-	-	-	-	275,184	-	275,184
Total comprehensive income/(loss) for the year	-	-	-	-	275,184	-	(27,888)	(305)	883,477	1,130,468	(341)	1,130,127
Issue of new shares for restricted share units 28	106	-	(106)	-	-	-	-	-	-	-	-	-
Repurchase of shares 28	-	-	(104,568)	-	-	-	-	-	-	(104,568)	-	(104,568)
Vested awarded shares transferred to employees 28	-	130,440	73,210	-	-	(186,624)	-	(47,461)	-	(30,435)	-	(30,435)
Exercise of share options 28	2	1,256	-	-	-	(380)	-	-	-	878	-	878
Share-based compensation expenses	-	-	-	-	-	218,121	-	-	-	218,121	-	218,121
Business combination under common control 28, 37	23,539	7,508,952	-	(9,371,262)	-	-	-	-	-	(1,838,771)	-	(1,838,771)
Deemed interest in an interest-free loan to a non-wholly-owned subsidiary	-	-	-	-	-	-	-	(107)	-	(107)	107	-
Appropriation of statutory reserves	-	-	-	-	-	-	-	53,623	(53,623)	-	-	-
Partial disposal of an associate, net of tax	-	-	-	-	-	-	-	(1,934)	-	(1,934)	-	(1,934)
Share of capital reserve of an associate, net of tax	-	-	-	-	-	-	-	(3,013)	-	(3,013)	-	(3,013)
At March 31, 2024	142,780	51,374,724	(101,946)	(37,560,841)	(105,735)	508,354	(27,275)	326,122	(11,971)	14,544,212	(26,608)	14,517,604

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2024

Notes	Attributable to owners of parent											Non-controlling interests	Total equity
	Share capital	Share premium account <sup>^</sup>	Treasury shares	Merger reserve <sup>^</sup>	Exchange fluctuation reserve <sup>^</sup>	Employee share-based compensation reserve <sup>^</sup>	Fair value reserve of financial assets at fair value through other comprehensive income <sup>^</sup>	Other reserves <sup>^</sup>	Accumulated losses <sup>^</sup>	Total			
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At March 31, 2022	119,102	43,499,897	(23,516)	(28,189,579)	(724,479)	460,077	28,529	237,401	(1,309,013)	14,098,419	(26,187)	14,072,232	
Effect of adoption of amendments to HKAS 12	2.2(c)	-	-	-	-	-	-	-	(2,380)	(2,380)	-	(2,380)	
At April 1, 2022 (restated)	119,102	43,499,897	(23,516)	(28,189,579)	(724,479)	460,077	28,529	237,401	(1,311,393)	14,096,039	(26,187)	14,069,852	
Profit for the year (restated)	-	-	-	-	-	-	-	-	535,653	535,653	856	536,509	
Other comprehensive income for the year:													
Changes in fair value of the equity investment at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(27,916)	-	-	(27,916)	-	(27,916)	
Exchange differences on translation of the Company and its subsidiaries	-	-	-	-	343,560	-	-	-	-	343,560	-	343,560	
Total comprehensive income/ (loss) for the year (restated)	-	-	-	-	343,560	-	(27,916)	-	535,653	851,297	856	852,153	
Repurchase of shares	28	-	(81,582)	-	-	-	-	-	-	(81,582)	-	(81,582)	
Vested awarded shares transferred to employees	28	-	214,834	34,616	-	(231,223)	-	9,712	-	27,939	-	27,939	
Exercise of share options	28	31	19,345	-	-	(6,486)	-	-	-	12,890	-	12,890	
Share-based compensation expenses	-	-	-	-	-	254,869	-	-	-	254,869	-	254,869	
Deemed interest in an interest-free loan to a non-wholly-owned subsidiary	-	-	-	-	-	-	-	(148)	-	(148)	148	-	
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,191)	(1,191)	
Appropriation of statutory reserves	-	-	-	-	-	-	-	66,085	(66,085)	-	-	-	
Partial disposal of an associate, net of tax	-	-	-	-	-	-	-	(887)	-	(887)	-	(887)	
Share of capital reserve of associates, net of tax	-	-	-	-	-	-	-	13,156	-	13,156	-	13,156	
At March 31, 2023 (restated)	119,133	43,734,076	(70,482)	(28,189,579)	(380,919)	477,237	613	325,319	(841,825)	15,173,573	(26,374)	15,147,199	

<sup>^</sup> These reserve accounts comprise the consolidated reserves of RMB14,503,378,000 (2023: RMB15,124,922,000 (restated)) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>939,399</b>	550,994
Adjustments for:			
Finance costs	13(b)	<b>5,969</b>	5,833
Share of profits of joint ventures		<b>(1,039)</b>	(48,981)
Share of losses of associates		<b>6,965</b>	37,600
Bank interest income	5	<b>(477,266)</b>	(330,442)
Other interest income	5	<b>(764)</b>	(1,146)
Investment income	5	<b>(6,028)</b>	–
Gain on disposal of a joint venture	5	<b>(10)</b>	–
Gain on deemed disposal of associates	5	<b>(18,066)</b>	(41,474)
Gain on partial disposal of an associate	5	<b>(48,337)</b>	(22,847)
Loss on deregistration of subsidiaries	6	<b>–</b>	1,308
Fair value losses/(gains) on financial assets at fair value through profit or loss		<b>349,854</b>	(47,917)
Gain on disposal of property and equipment	5	<b>(526)</b>	(65)
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases	6	<b>732</b>	3,167
Gain on recognition of net investments in subleases	5	<b>–</b>	(2,649)
Dividend income from financial assets at fair value through profit or loss	5	<b>(24,500)</b>	–
Fair value loss on contingent consideration included in other payables and accruals	6	<b>8,457</b>	19,811
Depreciation of property and equipment	6	<b>6,929</b>	9,514
Depreciation of right-of-use assets	6	<b>29,796</b>	36,692
Amortization of intangible assets	6	<b>16,957</b>	17,513
Covid-19-related rent concessions from lessors	13(b)	<b>–</b>	(299)
Impairment of trade receivables	6	<b>5,143</b>	1,824
Impairment of other receivables	6	<b>–</b>	11,518
Reversal of impairment of a loan to a joint venture	6	<b>(2,500)</b>	–
Impairment of inventories	6	<b>88,478</b>	159,591
Share-based compensation expenses	6	<b>266,059</b>	308,890
		<b>1,145,702</b>	668,435
Increase in trade and bills receivables		<b>(211,492)</b>	(64,626)
Increase in prepayments, other receivables and other assets		<b>(180,158)</b>	(214,854)
Decrease/(increase) in inventories		<b>614,096</b>	(711,694)
Increase/(decrease) in trade and bills payables		<b>(363,481)</b>	186,711
Increase/(decrease) in other payables and accruals		<b>(127,953)</b>	89,082
Increase in contract liabilities		<b>59,617</b>	234,388
Increase in restricted cash		<b>(128,144)</b>	(87,137)
Effect of foreign exchange rate changes, net		<b>85,981</b>	(69,837)
<b>Cash generated from operations</b>		<b>894,168</b>	30,468

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Interest received		232,246	274,168
Interest paid		(5,969)	(5,833)
Mainland of the People's Republic of China ("Chinese Mainland") income tax paid		(43,874)	(42,616)
Hong Kong profits tax refunded/(paid)		3,261	(497)
<b>Net cash flows generated from operating activities</b>		<b>1,079,832</b>	255,690
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(22,774)	(5,612)
Purchase of other intangible assets	15	(6)	(308)
Purchase of financial assets at fair value through profit or loss		(403,660)	(142,420)
Proceeds from maturity of financial assets at fair value through profit or loss		412,199	–
Proceeds from disposal of property and equipment		748	413
Payment of cash consideration of prior year's acquisition of subsidiaries		(131,027)	(77,326)
Interest received		84,974	44,590
Investment in a joint venture		–	(39,800)
Repayment of a loan to a joint venture		2,500	–
Dividend received from financial assets at fair value through profit or loss		24,500	–
Dividend received from an investment in an associate		3,919	2,487
Receipt of finance lease payments		13,391	15,803
Proceeds from partial disposal of an associate		99,244	46,503
Proceeds from disposal of a joint venture		10	–
Increase in long-term time deposits		(694,000)	–
Increase in non-pledged time deposits with original maturity of over three months when acquired		(4,270,918)	(376,766)
<b>Net cash flows used in investing activities</b>		<b>(4,880,900)</b>	(532,436)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Acquisition of subsidiaries under common control	37	(1,838,771)	–
Proceeds from exercise of share options	28	878	12,890
Repurchase of shares	28	(104,568)	(81,582)
Principal portion of lease payments		(39,934)	(42,586)
<b>Net cash flows used in financing activities</b>		<b>(1,982,395)</b>	(111,278)

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2024

	2024 RMB'000	2023 RMB'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(5,783,463)</b>	(388,024)
Effect of foreign exchange rate changes	<b>36,782</b>	283,447
Cash and cash equivalents at beginning of year	<b>9,236,850</b>	9,341,427
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>3,490,169</b>	9,236,850
Cash and cash equivalents as stated in the consolidated statement of financial position	<b>9,553,110</b>	10,917,171
Time deposits with original maturity of over three months when acquired	<b>(6,062,941)</b>	(1,680,321)
Cash and cash equivalents as stated in the consolidated statement of cash flows	<b>3,490,169</b>	9,236,850

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 1. CORPORATE AND GROUP INFORMATION

Alibaba Health Information Technology Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is located at 65th Floor, CITIC Tower, Beijing, the People’s Republic of China (the “PRC”).

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

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

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
Alibaba Health (Hong Kong) Technology Company Limited (“Alibaba Health (Hong Kong)”)	Hong Kong	HK\$4,865,000,331.95	100	100	Investment holding and pharmaceutical direct sales services
阿里健康大藥房連鎖(杭州)有限公司 Alibaba Health Pharmacy Chain (Hangzhou) Co., Ltd. <sup>abc</sup>	PRC/Chinese Mainland	RMB10,000,000	100	100	Pharmacy business
廣州空港阿里健康大藥房有限公司 Guangzhou Airport Alibaba Health Pharmacy Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB50,000,000	100	100	Pharmacy business
阿里健康科技(中國)有限公司 Alibaba Health Technology (China) Limited <sup>abc</sup> (“Alibaba Health (China)”)	PRC/Chinese Mainland	RMB800,000,000	100	100	Investment holding and digital infrastructure service
阿里健康大藥房醫藥連鎖有限公司 Alibaba Health Pharmaceutical Chain Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB1,791,666,666.67	100	100	Pharmacy business
阿里健康(浙江)醫藥有限公司 Alibaba Health Zhejiang Pharmaceutical Co., Ltd. <sup>abc</sup>	PRC/Chinese Mainland	RMB20,000,000	100	100	Pharmaceutical product trading and healthcare service business
阿里健康科技(杭州)有限公司 Alibaba Health Technology (Hangzhou) Limited <sup>abc</sup>	PRC/Chinese Mainland	RMB1,400,000,000	100	100	Provision of e-commerce platform services
久寰星科技(海南)有限公司 Jiubaoxing Technology (Hainan) Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB100,000,000	100	100	Provision of e-commerce platform services



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
弘雲久康數據技術(北京)有限公司 Hongyun Jiukang Data Technology (Beijing) Co., Ltd. <sup>acd</sup> ("Hongyun Jiukang")	PRC/Chinese Mainland	RMB40,000,000	100	100	Investment holding
廣州得賦阿里健康大藥房有限公司 Guangzhou Defu Alibaba Health Pharmacy Co., Ltd. <sup>abc</sup>	PRC/Chinese Mainland	RMB50,000,000	100	100	Pharmacy business
阿里健康科技(海南)有限公司 Ali Health Technology (Hainan) Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB10,000,000	100	100	Provision of e-commerce platform services
杭州得賦健康管理有限公司 Hangzhou Defu Health Management Co., Ltd. <sup>abc</sup>	PRC/Chinese Mainland	RMB1,200,000	100	100	Provision of e-commerce platform services
Ali JK ZNS (HK) Limited	Hong Kong	USD200,000	100	100	Provision of e-commerce platform services
青海小鹿中醫互聯網醫院有限公司 Qinghai Xiaolu Traditional Chinese Medicine Internet Hospital Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB75,000,000	100	100	Internet hospital services
杭州精準健康信息科技有限公司 Hangzhou Jingzhun Health Information Technology Co., Ltd. <sup>ac</sup>	PRC/Chinese Mainland	RMB10,000,000	100	100	Provision of marketing materials review services and value-added services

a For identification purposes only

b Registered as wholly-foreign-owned enterprises under PRC law

c Registered as limited liability companies under PRC law

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

The subsidiaries listed in the above table are indirectly owned by the Company and they, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss (“FVPL”), bills receivable, an equity investment designated at fair value through other comprehensive income (“FVOCI”) and contingent consideration included in other payables and accruals, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### **Merger accounting for business combinations under common control**

As disclosed in note 31 to the consolidated financial statements, a business combination under common control was effected during the current year, where the business acquired in the business combination and the Company are both ultimately controlled by Alibaba Holding. The business combination was accounted for using the principles of merger accounting.

The net assets of the combining entities are consolidated using the existing book values from the controlling party’s perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the business combination under common control and no amount is recognized in respect of goodwill. The Company elects not to restate the financial statements for periods prior to the completion of combination under common control. Accordingly, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group include the results and cash flows of the acquired business from the date when the Group obtains control of the acquired business.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended March 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

(c) (Continued)

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognize a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at April 1, 2023. Upon initial application of these amendments, the Group recognized (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at April 1, 2022, with cumulative effect recognized as an adjustment to the balances of accumulated losses and non-controlling interests at that date. The quantitative impact on the financial information is summarised below.

	Increase/(decrease)		
	As at March 31, 2024 RMB'000	As at March 31, 2023 RMB'000	As at April 1, 2022 RMB'000
<b>Assets</b>			
Deferred tax assets	1,072	265	28
Total non-current assets	1,072	265	28
Total assets	1,072	265	28
<b>Liabilities</b>			
Deferred tax liabilities	210	399	2,408
Total non-current liabilities	210	399	2,408
Total liabilities	210	399	2,408
<b>Net assets</b>	862	(134)	(2,380)
<b>Equity</b>			
Accumulated losses (included in reserves)	(862)	134	2,380
Equity attributable to owners of the parent	862	(134)	(2,380)
Total equity	862	(134)	(2,380)

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

(c) (Continued)

The deferred tax assets and the deferred tax liabilities arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statement of profit or loss:

	Increase/(decrease) For the year ended March 31,	
	2024 RMB'000	2023 RMB'000
Income tax expenses	(996)	(2,246)
Profit for the year	996	2,246
Attributable to:		
Owners of the parent	996	2,246
Non-controlling interests	–	–
	996	2,246
Total comprehensive income for the year	996	2,246
Attributable to:		
Owners of the parent	996	2,246
Non-controlling interests	–	–
	996	2,246

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

(c) (Continued)

	Increase/(decrease) For the year ended March 31,	
	2024	2023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic	<b>RMB0.01 cents</b>	RMB0.02 cents
Diluted	<b>RMB0.01 cents</b>	RMB0.02 cents

The adoption of amendments to HKAS 12 did not have any material impact on the other comprehensive income and the consolidated statements of cash flows for the years ended March 31, 2024 and 2023.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments") <sup>1, 4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments") <sup>1, 4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2024

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 16 specify the requirements that a seller – lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller – lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

### Business combinations and goodwill

Except for business combinations under common control, the Group accounted for its business combinations using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

# NOTES TO FINANCIAL STATEMENTS

---

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at March 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement

The Group measures its financial assets at FVPL, bills receivable, an equity investment designated at FVOCI and contingent consideration included in other payables and accruals at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of lease terms and $17\frac{1}{6}\%$
Computer equipment, furniture and fixtures	20% to $33\frac{1}{3}\%$
Motor vehicles	20% to $33\frac{1}{3}\%$

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### *Patents and licences*

Patents and licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of three years.

#### *Brand name*

The brand name is stated at cost less impairment losses and is amortized on the straight-line basis over its estimated useful life of 20 years.



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *(a) Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Retail outlets	1.5 to 9 years
Offices	1.1 to 3 years
Staff dormitories	1.1 to 2 years
Warehouses	2 to 5 years

#### *(b) Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *Group as a lessee (Continued)*

##### *(b) Lease liabilities (Continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### *(c) Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

#### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (Continued)

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

#### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

#### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (Continued)

#### *Subsequent measurement (Continued)*

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### **Derecognition of financial assets (Continued)**

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### ***General approach***

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### *General approach (Continued)*

The Group considers a financial asset in default when unsettled contractual payments are aged more than two years. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- |         |  |
|---------|--|
| Stage 1 | – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs   |
| Stage 2 | – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, and other financial liabilities included in other payables and lease liabilities.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.



## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities (Continued)

#### *Subsequent measurement (Continued)*

##### *Financial liabilities at fair value through profit or loss (Continued)*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

##### *Financial liabilities at amortized cost*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### **Income tax (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Government grants**

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### **Revenue recognition**

#### ***Revenue from contracts with customers***

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service; (ii) has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer and (iii) has discretion in establishing the price for the specified good or service, etc.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### *(a) Revenues from the pharmaceutical direct sales business:*

##### Sale of pharmaceutical and healthcare products

The Group is engaged in the sale of pharmaceutical and healthcare products to individual customers ("business-to-customer" or "B2C") through its online stores on Tmall.com ("Tmall") and its offline pharmacy outlets, and to merchant customers ("business-to-business", or "B2B"). Revenue from the sale of pharmaceutical and healthcare products is recorded net of discounts and recognized when the goods are delivered to individual customers, either by third party couriers or at the offline outlets, or to merchant customers by third party couriers. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

##### *(a) Revenues from the pharmaceutical direct sales business: (Continued)*

###### Marketing services

The Group provides marketing services to pharmaceutical brands primarily through display of impressions or clicks of the pharmaceutical brands' advertisements on various online platforms and mobile apps. The fee from pharmaceutical brands is charged primarily during the period over which the marketing services are provided.

##### *(b) Revenues from the pharmaceutical E-commerce platform business:*

###### Outsourced and value-added services to Tmall Entities

The Group provides outsourced and value-added services to Tmall Entities\*, in relation to certain categories of products or services sold or provided on Tmall. The outsourced and value-added services include business development for merchants, customer services on behalf of merchants, marketing event planning for merchants and technical support and assistance to the Tmall Entities' business team. Revenue from the outsourced and value-added services is determined as a percentage of the fees paid by merchants to the Tmall Entities in respect of the transaction amount of completed sales of products or services under certain categories on Tmall and recognized when services are rendered and the underlying transactions of merchants are completed.

###### E-commerce platform services

The Group provides to merchants on the Tmall e-commerce platform maintenance related software services in respect of merchant admission, product quality control, and merchant operational and maintenance support, and earns commissions from merchants generally at 3% of the transaction amounts of merchandise being sold on Tmall by merchants. Revenue of the commissions is recognized at the time when the underlying sale of merchandise by merchants on Tmall is completed.

\* Zhejiang Tmall Network Co., Ltd. (浙江天貓網絡有限公司) and Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

##### *(c) Revenues from the healthcare and digital services business*

The Group provides a variety of standardized service packages that integrate services provided by various medical and healthcare organizations to meet the health-related needs of the users, such as health check-ups, genetic testing and vaccine inoculation. The Group principally generates revenue from selling the standardized service packages to individual customers or corporate customers. Different types of service packages provide the customers with a specific number of times of services for each service offered in the package. Revenue is recognized upon the individual service is rendered to customers.

The Group, through its online stores on Tmall and mobile apps, facilitates the provision of services by medical and healthcare service organizations to end customers. The Group provides to medical and healthcare service organizations with e-commerce platform maintenance related software services, customer consultation, reservation and other value-added services and charges a service fee at a percentage of the amount of the transaction entered into by the medical and healthcare service providers and their customers, or at a fixed price per reservation through the Group's online stores. The revenue is recognized at the time when the underlying transaction is completed by the medical and healthcare service provider through Tmall.

The Group also provides marketing services to medical and healthcare service organizations primarily through display of impressions or clicks of the advertisement in particular areas of web pages or mobile apps. The fee from medical and healthcare service organizations is charged primarily during the period over which the marketing services are provided.

The Group also provides multi-faceted, multi-level, professional and convenient health consultation services to users through their engaged professionals, such as medical practitioners, pharmacists and nutritionists. The Group charges a fixed consultation fee to the user and recognizes revenue at the time when the service is rendered to the user.

The Group also renders series of services to the customers through its product tracking platforms, including product track and trace and the digital healthcare business. Revenue is recognized over the period when the underlying services are provided.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### *Other income*

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### **Contract liabilities**

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **Costs of services**

Costs of services comprise labor, other costs of personnel directly engaged in providing the services and attributable overhead costs for technical support and other direct costs of services purchased.

#### **Fulfilment**

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

#### **Finance costs**

Finance costs are interest on lease liabilities of the Group.



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Share-based payments

The Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). During the year ended March 31, 2024, certain employees of Alibaba Group transferred to the Company restricted share units (“RSUs”) granted by Alibaba Group to these employees were not forfeited after to the transfer. The Company has the obligation to settle all RSUs vested during these employees’ service period in the Company, and measures the transaction as cash-settled share-based payments (“cash-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### Other employee benefits

#### *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those eligible Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Full-time employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a defined contribution scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the defined contribution scheme which includes pension, medical care, unemployment insurance, employee housing fund and other welfare. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the defined contribution scheme. The Group has no legal obligation for the benefits beyond the contributions made.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

### Foreign currencies

The Company's functional currency is Hong Kong dollar ("HK\$"), while these financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies (Continued)

The functional currencies of certain subsidiaries not operating in Chinese Mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a subsidiary not operating in Chinese Mainland, the cumulative amount in the reserve relating to that particular subsidiary not operating in Chinese Mainland is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a subsidiary not operating in Chinese Mainland and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries not operating in Chinese Mainland are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries not operating in Chinese Mainland which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

#### *Accounting for companies governed under contractual arrangements as subsidiaries*

The Company and some of its subsidiaries do not hold any equity interests in certain of their subsidiaries. Nevertheless, under the contractual agreements entered into between the Group and the shareholders who are the registered owners of those subsidiaries, the directors of the Company determine that the Group has the power to govern the financial and operating policies of those subsidiaries so as to obtain benefits from their activities. As such, those subsidiaries are accounted for as subsidiaries of the Group for accounting purposes.

#### *Principal versus agent considerations*

In determining whether the Group is acting as a principal or as an agent in the sales of goods and provision of services, requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the good or service before that good or service is transferred to a customer, including whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return), has discretion in establishing the price for the specified good or service.

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at March 31, 2024 was RMB810,853,000 (2023: RMB810,853,000). Further details are given in note 14 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customers that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the pharmaceutical and healthcare businesses, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

#### *Fair value of financial instruments at FVPL or FVOCI*

The investments in unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 35 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at March 31, 2024 was RMB1,669,657,000 (2023: RMB2,005,354,000). Further details are included in notes 22 and 23 to the financial statements.

#### *Deferred tax assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### *Impairment of inventories*

Management reviews the ageing and expiry dates of inventories of the Group at the end of each reporting period, and makes provision or write-off on obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realizable value for such inventories based primarily on the available selling prices, estimated costs to be incurred to sale and current market conditions. If the market condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected.

#### *Impairment of investments in associates*

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value is determined based on discounted cash flow method for unlisted associates or based on observable market prices for listed associates less incremental costs for disposing of the asset. When fair value or value in use is determined based on discounted cash flow method, management must estimate the expected future cash flows from the investments in associates and choose a suitable discount rate and perpetual growth rate in order to calculate the present value of those cash flows.

#### *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 4. OPERATING SEGMENT INFORMATION

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

### Geographical information

During the year ended March 31, 2024, over 95% (2023: 95%) of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets as at March 31, 2024 attributed to Chinese Mainland as determined based on the locations of customers and assets, respectively.

### Information about a major customer

During the year ended March 31, 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2023: Nil).

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	2024 RMB'000	2023 RMB'000
Pharmaceutical direct sales business	23,739,246	23,591,577
Pharmaceutical e-commerce platform business	2,329,471	2,237,953
Healthcare and digital services business	957,838	933,486
Total	27,026,555	26,763,016



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (i) Disaggregated revenue information

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services:		
Sale of products	<b>22,561,428</b>	22,578,076
Provision of services	<b>4,465,127</b>	4,184,940
<b>Total</b>	<b>27,026,555</b>	26,763,016
Timing of revenue recognition:		
At a point in time	<b>24,784,573</b>	25,036,819
Over time	<b>2,241,982</b>	1,726,197
<b>Total</b>	<b>27,026,555</b>	26,763,016

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Sale of products	<b>4,078</b>	3,985
Provision of services	<b>490,988</b>	256,693
<b>Total</b>	<b>495,066</b>	260,678

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (ii) Performance obligations

Information about the Group's performance obligations is summarized below:

#### *Sale of products*

The performance obligation is satisfied upon delivery of the pharmaceutical and healthcare products. For B2C pharmacy sales, payment is received from the payment platform, i.e. Alipay.com Co., Ltd. (支付寶(中國)網絡技術有限公司) ("Alipay"), when the receipt of goods is confirmed by customers or by the payment platform automatically within a pre-specified period of time after delivery. For B2B pharmacy sales, payment is generally due within 30 to 90 days, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

#### *Provision of services*

The performance obligation is satisfied over time or at a point in time as marketing services, outsourced and value-added services, E-commerce platform services and healthcare and digital services are rendered to Tmall Entities. Payment is generally received upon the completion of the underlying transactions, prior to the provision of services on a full prepayment basis, or due within 30 to 90 days.

The Group has elected The practical expedient for not to disclose the remaining performance obligations because the performance obligations are part of contracts with original expected duration of one year or less (2023: one year or less).

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2024 RMB'000	2023 RMB'000
<b>Other income</b>		
Bank interest income	477,266	330,442
Other interest income	764	1,146
Investment income from financial investments at fair value through profit or loss	6,028	–
Government grants <sup>#</sup>	77,220	83,033
Dividend income from financial assets at fair value through profit or loss	24,500	–
Management fee income from a joint venture	10,669	9,452
Others	4,283	6,681
<b>Total other income</b>	<b>600,730</b>	430,754
<b>Gains</b>		
Foreign exchange differences, net	7,086	72,064
Fair value gains on financial assets at fair value through profit or loss	–	47,917
Gain on deemed disposal of associates	18,066	41,474
Gain on partial disposal of an associate	48,337	22,847
Gain on disposal of a joint venture	10	–
Gain on recognition of net investments in subleases	–	2,649
Covid-19-related rent concessions from lessors	–	299
Gain on disposal of property and equipment	526	65
<b>Total gains</b>	<b>74,025</b>	187,315
<b>Total other income and gains</b>	<b>674,755</b>	618,069

<sup>#</sup> Government grants mainly represented incentives received for investments in certain regions in Chinese Mainland in which the Company's subsidiaries operate as well as additional value-added tax deductibles and other tax benefits.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of goods sold*		18,974,776	18,814,630
Cost of services provided* (excluding employee benefit expenses)		2,026,106	2,031,341
Depreciation of property and equipment	12	6,929	9,514
Depreciation of right-of-use assets	13(a)	29,796	36,692
Amortization of intangible assets	15	16,957	17,513
Lease payments not included in the measurement of lease liabilities	13(c)	1,652	1,126
Impairment of inventories*		88,478	159,591
Impairment losses of financial assets, net**:			
Impairment of trade receivables	19	5,143	1,824
Impairment of other receivables	20	–	11,518
Impairment of loan to a joint venture, net	16	(2,500)	–
<b>Total</b>		<b>2,643</b>	<b>13,342</b>
Fair value loss on contingent consideration included in other payables and accruals**		8,457	19,811
Fair value losses on financial assets at fair value through profit or loss**		349,854	–
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases**	13(c)	732	3,167
Loss on deregistration of subsidiaries**		–	1,308
Auditor's remuneration		4,130	3,980
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		609,566	658,918
Performance-related bonuses		166,564	202,085
Share-based compensation expenses	29	266,059	308,890
Pension scheme contributions#		55,069	53,151
<b>Total</b>		<b>1,097,258</b>	<b>1,223,044</b>

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

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

# There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,395	1,269
Other emoluments:		
Salaries, allowances and benefits in kind	5,046	4,753
Performance related bonuses	4,288	5,093
Share-based compensation expenses	21,644	10,966
Pension scheme contributions	174	162
Subtotal	31,152	20,974
Total	32,547	22,243

During the year ended March 31, 2024, three directors (2023: three) of the Company were granted share options and RSUs, in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair values of such options and RSUs, which have been recognized in the consolidated statement of profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive's remuneration disclosures.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Mr. Wong King On, Samuel*	268	609
Mr. Luo Tong*	145	330
Ms. Huang Yi Fei	348	330
Dr. Shao Rong*	223	–
Ms. Wu May Yihong*	411	–
Total	1,395	1,269

\* Mr. Wong King On, Samuel and Mr. Luo Tong retired as independent non-executive directors of the Company on August 11, 2023. Dr. Shao Rong and Ms. Wu May Yihong were appointed as independent non-executive directors of the Company with the effect from August 11, 2023.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (b) Executive directors and non-executive directors

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Share-based compensation expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>2024</b>						
Executive directors:						
Mr. Zhu Shunyan <sup>#</sup>	–	2,197	2,168	14,574	64	19,003
Mr. Shen Difan <sup>#</sup>	–	1,717	1,435	3,621	41	6,814
Mr. Tu Yanwu	–	1,132	685	3,449	69	5,335
	–	5,046	4,288	21,644	174	31,152
Non-executive directors:						
Ms. Huang Jiaojiao <sup>^</sup>	–	–	–	–	–	–
Mr. Xu Haipeng <sup>^</sup>	–	–	–	–	–	–
Mr. Li Faguang <sup>^</sup>	–	–	–	–	–	–
	–	–	–	–	–	–
<b>2023</b>						
Executive directors:						
Mr. Zhu Shunyan <sup>#</sup>	–	2,175	2,668	6,422	60	11,325
Mr. Shen Difan <sup>#</sup>	–	1,475	1,715	3,178	38	6,406
Mr. Tu Yanwu	–	1,103	710	1,366	64	3,243
	–	4,753	5,093	10,966	162	20,974
Non-executive directors:						
Mr. Li Faguang <sup>^</sup>	–	–	–	–	–	–
	–	–	–	–	–	–

<sup>#</sup> Mr. Zhu Shunyan resigned as the Chief Executive Officer of the Company on November 28, 2023. Mr. Shen Difan was appointed as the Chief Executive Officer of the Company with the effect from November 28, 2023.

<sup>^</sup> Mr. Li Faguang resigned as a non-executive director with the effect from May 15, 2023. Ms. Huang Jiaojiao was appointed as a non-executive director of the Company with the effect from May 15, 2023. Mr. Xu Haipeng was appointed as a non-executive director of the Company with the effect from October 19, 2023.

During the year ended March 31, 2024, there was no (2023: no) arrangement under which a director waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director as an inducement to join or upon joining the Group or as compensation for loss of office.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2023: three) non-directors, highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	4,063	4,223
Performance related bonuses	1,813	2,502
Share-based compensation expenses	17,128	8,232
Pension scheme contributions	144	180
Total	23,148	15,137

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$6,000,001 to HK\$6,500,000	–	1
HK\$7,000,001 to HK\$7,500,000	1	1
HK\$7,500,001 to HK\$8,000,000	1	–
HK\$10,000,001 to HK\$10,500,000	1	–
Total	3	3

During the years ended March 31, 2024 and March 31, 2023, share options and RSUs were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair values of such options and RSUs, which have been recognized in the statement of profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 9. INCOME TAX

	2024 RMB'000	2023 RMB'000 (Restated)
Current – Hong Kong		
Charge for the year	–	704
Underprovision/(overprovision) in prior years	(5)	65
Current – Chinese Mainland		
Charge for the year	84,648	29,225
Underprovision in prior years	–	1,201
Deferred ( <i>note 27</i> )	(28,380)	(16,710)
<b>Total tax charge for the year</b>	<b>56,263</b>	<b>14,485</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

In Chinese Mainland, the companies are subject to the PRC corporate income tax rate of 25%, except for two (2023: two) PRC subsidiaries which are entitled to a preferential tax rate of 15% because they are accredited as High and New Technology Enterprises.

No tax attributable to joint ventures was included in “Share of profits of joint ventures” in the consolidated statement of profit or loss (2023: Nil).

The share of tax charge attributable to associates of approximately RMB6,342,000 (2023: RMB4,695,000) is included in “Share of profits or loss of associates” in the consolidated statement of profit or loss.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 9. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

### 2024

	Hong Kong		Chinese Mainland		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit before tax	73,445		865,954		939,399	
Tax at the statutory tax rate	12,118	16.5	216,295	25.0	228,413	24.3
Effect of preferential tax treatment enacted by local authority	–	–	(42,360)	(4.9)	(42,360)	(4.5)
Adjustments in respect of current tax of previous periods	(5)	–	–	–	(5)	–
Non-deductible expenses and non-taxable income, net	(22,528)	(30.7)	23,068	2.7	540	0.1
Research and development super deduction	–	–	(48,780)	(5.6)	(48,780)	(5.2)
Tax losses recognized/utilized from previous periods	–	–	(120,847)	(14.0)	(120,847)	(12.9)
Tax losses and deductible temporary differences not recognized	6,169	8.4	17,401	2.0	23,570	2.5
Withholding tax in the PRC	15,732	21.4	–	–	15,732	1.7
Tax charge at the Group's effective rate	11,486	15.6	44,777	5.2	56,263	6.0

### 2023

	Hong Kong		Chinese Mainland		Total	
	RMB'000	%	RMB'000 (Restated)	% (Restated)	RMB'000 (Restated)	% (Restated)
Profit before tax	85,871		465,123		550,994	
Tax at the statutory tax rate	14,169	16.5	116,281	25.0	130,450	23.7
Effect of preferential tax treatment enacted by local authority	–	–	(57,672)	(12.4)	(57,672)	(10.5)
Adjustments in respect of current tax of previous periods	65	0.1	1,201	0.2	1,266	0.2
Non-deductible expenses and non-taxable income, net	(14,145)	(16.5)	8,355	1.8	(5,790)	(1.1)
Research and development super deduction	–	–	(47,021)	(10.1)	(47,021)	(8.5)
Tax losses recognized/utilized from previous periods	–	–	(95,766)	(20.6)	(95,766)	(17.3)
Tax losses and deductible temporary differences not recognized	3,309	3.8	73,968	15.9	77,277	14.0
Withholding tax in the PRC	11,741	13.7	–	–	11,741	2.1
Tax charge at the Group's effective rate	15,139	17.6	(654)	(0.2)	14,485	2.6

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent of RMB883,477,000 (2023: RMB535,653,000 (restated)), and the weighted average number of ordinary shares of 14,044,082,144 in issue during the year (2023: 13,503,050,886).

The calculation of the diluted earnings per share amounts is based on the profit for the year 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 year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024 RMB'000	2023 RMB'000 (Restated)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>883,477</b>	535,653
<b>Number of shares</b>		
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>14,044,082,144</b>	13,503,050,886
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>327,131</b>	665,770
Restricted share units	<b>46,283,396</b>	37,862,990
<b>Total</b>	<b>14,090,692,671</b>	13,541,579,646

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 11. DIVIDENDS

The board does not recommend the payment of dividend for the year ended March 31, 2024 (2023: Nil).

## 12. PROPERTY AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Computer equipment, furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>March 31, 2024</b>				
At April 1, 2023:				
Cost	25,094	71,140	307	96,541
Accumulated depreciation	(18,409)	(63,590)	(307)	(82,306)
Net carrying amount	6,685	7,550	–	14,235
Cost at April 1, 2023, net of accumulated depreciation	6,685	7,550	–	14,235
Additions	216	28,276	–	28,492
Disposals	(133)	(89)	–	(222)
Depreciation provided during the year ( <i>note 6</i> )	(1,119)	(5,810)	–	(6,929)
Cost at March 31, 2024, net of accumulated depreciation	5,649	29,927	–	35,576
At March 31, 2024:				
Cost	24,882	81,602	307	106,791
Accumulated depreciation	(19,233)	(51,675)	(307)	(71,215)
Net carrying amount	5,649	29,927	–	35,576

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 12. PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements RMB'000	Computer equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>March 31, 2023</b>				
At April 1, 2022:				
Cost	25,343	74,493	307	100,143
Accumulated depreciation	(15,340)	(64,320)	(307)	(79,967)
Net carrying amount	10,003	10,173	–	20,176
Cost at April 1, 2022, net of accumulated depreciation	10,003	10,173	–	20,176
Additions	2,051	3,561	–	5,612
Disposals	(250)	(98)	–	(348)
Deregistration of subsidiaries	(1,218)	(473)	–	(1,691)
Depreciation provided during the year (note 6)	(3,901)	(5,613)	–	(9,514)
Cost at March 31, 2023, net of accumulated depreciation	6,685	7,550	–	14,235
At March 31, 2023:				
Cost	25,094	71,140	307	96,541
Accumulated depreciation	(18,409)	(63,590)	(307)	(82,306)
Net carrying amount	6,685	7,550	–	14,235

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 13. LEASES

### The Group as a lessee

The Group has lease contracts for various buildings for retail outlets, offices, staff dormitories and warehouses used in its operations, and the lease terms ranged from one year to nine years.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets, i.e., buildings, and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at April 1	54,313	144,930
Additions	51,308	14,527
Transfer to net investments in subleases	–	(36,027)
Revision of lease terms arising from changes in the non-cancellable periods of leases	(7,734)	(32,425)
Depreciation charge	(29,796)	(36,692)
Carrying amount at March 31	68,091	54,313

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 13. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at April 1	77,798	135,414
New leases	51,308	14,527
Accretion of interest recognized during the year	5,969	5,833
Covid-19-related rent concessions from lessors	–	(299)
Payments	(45,903)	(48,419)
Revision of lease terms arising from changes in the non-cancellable periods of leases	(7,002)	(29,258)
Carrying amount at March 31	<b>82,170</b>	77,798
Analyzed into:		
Current portion		
Repayable within one year	34,194	37,437
Non-current portion		
Repayable in the second year	20,828	29,196
Repayable in the third to fifth years, inclusive	26,810	10,455
Repayable beyond five years	338	710
Total non-current portion	47,976	40,361
Total lease liabilities	<b>82,170</b>	77,798

The maturity analysis of lease liabilities based on the contractual undiscounted payments is disclosed in note 36 to the financial statements.

The Group applied the practical expedient to all eligible covid-19-related rent concessions granted by the lessors during the year ended March 31, 2023.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 13. LEASES (CONTINUED)

### The Group as a lessee (Continued)

(c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	5,969	5,833
Depreciation charge of right-of-use assets	29,796	36,692
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases	732	3,167
Gain on recognition of net investments in subleases	–	(2,649)
Expense relating to short-term leases	1,652	1,126
Covid-19-related rent concessions from lessors	–	(299)
Total amount charged/(credited) to in profit or loss	<b>38,149</b>	43,870

(d) The total cash outflow for leases is disclosed in note 32(c) to the financial statements.



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 13. LEASES (CONTINUED)

### The Group as a lessor

The Group subleases certain of its buildings under finance lease arrangements. The terms of the subleases generally require the tenants to pay security deposits and provide for periodic rent adjustments.

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants and their present value as included in other receivables at the end of the reporting periods are as follows:

	2024 RMB'000	2023 RMB'000
Undiscounted amount receivable:		
Within one year	10,822	11,344
In the second year	–	13,634
Total undiscounted lease payments	10,822	24,978
Future unearned finance income	(195)	(959)
Total finance lease receivables	10,627	24,019
Analyzed into:		
Current portion	10,627	11,344
Non-current portion	–	12,675

## 14. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost and net carrying amount at April 1 and March 31	810,853	810,853

There was no accumulated impairment of goodwill at March 31, 2024 (2023: Nil).

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 14. GOODWILL (CONTINUED)

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- B2C and related business;
- B2B business; and
- Healthcare and digital services business.

### *B2C and related business CGU*

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rate applied to the cash flow projections is 15% (2023: 15%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2023: 3%), which approximates the long term average growth rate of the relevant business in Chinese Mainland.

### *B2B business CGU*

The recoverable amount of this CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rate applied to the cash flow projections is 20% (2023: 20%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2023: 3%), which approximates the long term average growth rate of the relevant business in Chinese Mainland.

### *Healthcare and digital services related business CGU*

The recoverable amount of this CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering an eight-year period (2023: nine-year period), because a longer forecast period is required for the relevant business currently at early stage to become stabilized. The discount rate applied to the cash flow projections is 15% (2023: 15%). The growth rate used to extrapolate the cash flows beyond the nine-year period is 3% (2023: 3%), which approximates the long term average growth rate of the relevant business in Chinese Mainland.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 14. GOODWILL (CONTINUED)

### Impairment testing of goodwill (Continued)

#### *Healthcare and digital services related business CGU (Continued)*

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2024 RMB'000	2023 RMB'000
B2C and related business CGU	51,019	51,019
B2B business CGU	5,516	5,516
Healthcare and digital services related business CGU	754,318	754,318
Carrying amount of goodwill at March 31	810,853	810,853

Assumptions were used in the value in use calculation of the B2C and related business CGU, B2B business CGU and healthcare and digital services related business CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Expected revenue growth rates* – The expected revenue growth rates are following the business plan approved by the group management. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments.

*Budgeted gross margins* – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

*Discount rates* – The discount rates used are after tax and reflect specific risks relating to the relevant units.

*Growth rates* – The growth rates used to extrapolate the cash flows at the perpetual growth stage are based on the estimated growth rate of each unit taking into account the long term average growth rate of the relevant business in Chinese Mainland.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 15. OTHER INTANGIBLE ASSETS

	Patents and licences RMB'000	Brand name RMB'000	Total RMB'000
<b>March 31, 2024</b>			
At April 1, 2023:			
Cost	6,918	335,000	341,918
Accumulated amortization	(6,387)	(26,521)	(32,908)
Net carrying amount	531	308,479	309,010
Cost at April 1, 2023, net of accumulated amortization	531	308,479	309,010
Additions	6	–	6
Amortization provided during the year	(207)	(16,750)	(16,957)
Exchange realignment	10	–	10
Cost at March 31, 2024, net of accumulated amortization	340	291,729	292,069
At March 31, 2024:			
Cost	6,868	335,000	341,868
Accumulated amortization	(6,528)	(43,271)	(49,799)
Net carrying amount	340	291,729	292,069
<b>March 31, 2023</b>			
At April 1, 2022:			
Cost	6,610	335,000	341,610
Accumulated amortization	(5,624)	(9,771)	(15,395)
Net carrying amount	986	325,229	326,215
Cost at April 1, 2022, net of accumulated amortization	986	325,229	326,215
Additions	308	–	308
Amortization provided during the year	(763)	(16,750)	(17,513)
Cost at March 31, 2023, net of accumulated amortization	531	308,479	309,010
At March 31, 2023:			
Cost	6,918	335,000	341,918
Accumulated amortization	(6,387)	(26,521)	(32,908)
Net carrying amount	531	308,479	309,010

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 16. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	250,480	249,441
Loans to a joint venture	–	2,500
Impairment	–	(2,500)
<b>Total</b>	<b>250,480</b>	<b>249,441</b>

The Group's short-term advances received from a joint venture are disclosed in note 25 to the financial statements.

Particulars of the Group's joint ventures at the end of the reporting period are as follows:

Name	Particulars of capital held	Place of registration and business	Percentage of ownership interest attributable to the Group <sup>^</sup>		Principal activities
			2024	2023	
浙江扁鹊健康科技有限公司 (Zhejiang Bian Que Health Data Technology Company Limited <sup>@</sup> ) ("Zhejiang Bian Que")	Registered capital of RMB1 each	PRC/Chinese Mainland	–	45	Health related data services
江蘇紫金弘雲健康產業投資合夥企業 (有限合夥) (Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership) <sup>@</sup> ) ("Jiangsu Zijin")	Registered capital of RMB1 each	PRC/Chinese Mainland	13.72	13.72	Investment management

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

<sup>^</sup> The percentage of ownership interest attributable to the Group is same as the percentage of voting power and profit sharing attributable to the Group.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Group's joint ventures have a financial year ending December 31, and the financial statements for March 31 of these companies may not be available in a timely manner for the Group to apply the equity method, and therefore the Group elects to record its shares of the profits or losses of Zhejiang Bian Que and Jiangsu Zijin on a quarterly lag basis.

The Group has discontinued the recognition of its share of loss of Zhejiang Bian Que because the share of loss of Zhejiang Bian Que exceeded the Group's interest in Zhejiang Bian Que and the Group has no obligation to take up further losses. The Group disposed of its entire interest in Zhejiang Bian Que during the year ended March 31, 2024.

The above joint ventures are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' profit and total comprehensive income for the year	1,039	48,981
Aggregate carrying amount of the Group's investments in the joint ventures	250,480	249,441

## 17. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	994,390	1,018,301
Goodwill on acquisition	1,291,546	1,318,403
Total	2,285,936	2,336,704

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the Group's associates at the end of the reporting periods are as follows:

Name	Particulars of capital held	Place of registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			2024	2023	
東方口岸科技有限公司 (Dongfang Customs Technology Company Limited) <sup>①</sup> (“Dongfang Customs”)	Registered capital of RMB1 each	PRC/Chinese Mainland	30	30	Operation of platforms for electronic customs processing
萬里雲醫療信息科技(北京)有限公司 (Wanliyun Medical Information Technology (Beijing) Co., Ltd.) <sup>①②</sup> (“Wanliyun”)	Registered capital of RMB1 each	PRC/Chinese Mainland	23.28	23.28	Construction of medical platforms and provision of related services
深圳市巨鼎醫療股份有限公司 (Shenzhen Juding Medical Co., Ltd.) <sup>①②</sup> (“Shenzhen Juding”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	9.5	9.5	Provision of medical self-service equipment and smart healthcare solutions
嘉和美康(北京)科技股份有限公司 (Jiahe Meikang (Beijing) Technology Co., Ltd.) <sup>①②</sup> (“Jiahe Meikang”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	8.41	10.14	Provision of clinical information software products, infant medical equipment and mobile internet digitalised medical information software systems
江蘇曼荼羅軟件股份有限公司 (Jiangsu Mandalat Software Company Limited) <sup>①②</sup> (“Mandalat”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	10.183	10.283	Provision of software development
安徽華人健康醫藥股份有限公司 (Anhui Huaren Health Pharmaceutical Co., Ltd.) <sup>①②</sup> (“Anhui Huaren”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	7.51	7.51	Pharmaceutical retail chain business
漱玉平民大藥房連鎖股份有限公司 (Shuyu Civilian Pharmacy Corp., Ltd.) <sup>①②</sup> (“Shuyu Civilian”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	8.41	8.41	Pharmaceutical retail chain business
德生堂醫藥股份有限公司 (Deshengtang Pharmaceutical Co., Ltd.) <sup>①②</sup> (“Deshengtang”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	5	5	Pharmaceutical retail chain business
來未來科技(浙江)有限公司 (Laiweilai Technology (Zhejiang) Co., Ltd.) <sup>①②</sup> (“Laiweilai”)	Ordinary shares of RMB1 each	PRC/Chinese Mainland	24.17	26	Construction of intelligent medical platform business

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Ⓔ For identification purposes only

^ The Group's investments in these companies are accounted for as associates of the Group because the Group is in a position to exercise significant influence. The Group has at least one director at each board of directors and/or has relevant rights regarding certain significant financial and operating decisions in board meetings of these associates.

# The Group's associates have a financial year ending December 31 and the financial statements for March 31 of these companies may not be available in a timely manner for the Group to apply the equity method, and therefore the Group elects to record its shares of the profits or losses of these associates on a quarterly lag basis. Accordingly, the Group elects to equity account for these associates in the Group's consolidated financial statements using their annual financial statements for the year ended December 31, 2023 for the current year (2023: year ended December 31, 2022).

The above associates are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' loss for the year	6,965	37,600
Share of the associates' other comprehensive loss for the year	406	–
Share of the associates' total comprehensive loss for the year	7,371	37,600
Aggregate carrying amount of the Group's investments in the associates at the end of the reporting period	2,285,936	2,336,704

## 18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Trading goods	1,399,738	2,102,312



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 19. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	815,780	606,627
Impairment	(33,687)	(28,544)
Net carrying amount	782,093	578,083
Bills receivable	3,043	704
Total trade and bills receivables	<b>785,136</b>	578,787

The Group's trading terms with some of its customers are on credit. The Group provides a credit period of 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 senior management. In the view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 receivables are amounts due from subsidiaries of Alibaba Group of approximately RMB323,776,000 (2023: RMB192,106,000) and the Group's associates of approximately RMB189,000 (2023: RMB267,000), which are repayable on credit terms mutually agreed by the parties involved.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of products received by or services rendered to customers and net of impairment, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	694,782	465,694
4th to 12th months	81,010	98,626
Over 1 year	6,301	13,763
Total	<b>782,093</b>	578,083

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 19. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in the provision for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At April 1	28,544	26,720
Impairment (note 6)	5,143	1,824
At March 31	33,687	28,544

The increase (2023: increase) in the loss allowance was mainly due to the increase in the loss allowance of RMB1,572,000 (2023: RMB461,000) and RMB3,528,000 (2023: RMB926,000) as a result of the increase in gross amount of trade receivables aged less than one year and over two years, respectively.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 19. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### As at March 31, 2024

	Ageing			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.27%	7.83%	100.00%	4.13%
Gross carrying amount (RMB'000)	777,920	6,836	31,024	815,780
Expected credit losses (RMB'000)	2,128	535	31,024	33,687

### As at March 31, 2023

	Ageing			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.10%	3.45%	100.00%	4.71%
Gross carrying amount (RMB'000)	564,876	14,255	27,496	606,627
Expected credit losses (RMB'000)	556	492	27,496	28,544

Bills receivable are subject to impairment using the low credit risk simplification under the general approach. At each reporting date, the Group evaluates whether the bills receivable are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit ratings of the debt investments. The Group did not recognize any impairment loss on bills receivable as at March 31, 2023 and 2024.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current:		
Prepayments	364,714	439,382
Other receivables and other assets	1,132,580	707,318
	1,497,294	1,146,700
Impairment	(6,760)	(6,760)
Total	1,490,534	1,139,940
Non-current:		
Long-term receivables	31,568	20,024
Total	1,522,102	1,159,964

The movements in provision for impairment of other receivables during the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At April 1	6,760	6,760
Impairment	–	11,518
Amount written off as uncollectible	–	(11,518)
At March 31	6,760	6,760

The individually impaired other receivables of RMB6,760,000 (2023: RMB6,760,000) relate to debtors that were in default and the outstanding receivables are not expected to be recovered.

Other than the impaired other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at March 31, 2024 and 2023, their loss allowance is assessed to be minimal.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2024 RMB'000	2023 RMB'000
Cash and bank balances	3,168,575	8,941,312
Time deposits	7,356,941	2,126,121
Subtotal	10,525,516	11,067,433
Less:		
Restricted cash	(278,406)	(150,262)
Long-term time deposits	(694,000)	–
Cash and cash equivalents	9,553,110	10,917,171

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB placed in the PRC amounted to approximately RMB4,452,802,000 (2023: RMB5,922,878,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks and Alipay earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at March 31, 2024, the cash (including restricted cash) at Alipay amounted to RMB129,231,000 (2023: RMB233,264,000).

## 22. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Unlisted equity investment, at fair value:		
IK Healthcare Holdings Limited	101,659	122,062

The above equity investment was irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature. During the year, the fair value changes in this investment resulted in a loss (net of tax) amounting to approximately US\$3,731,000 (equivalent to approximately RMB27,888,000) (2023: US\$4,392,000 (equivalent to approximately RMB27,916,000)), recorded in other comprehensive income.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted equity investments, at fair value	1,567,998	1,883,292

The unlisted equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognize the fair value gain or loss through other comprehensive income.

## 24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the date of products and services received by the Group, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	2,779,151	3,000,935
4th to 12th months	489,845	624,112
Over 1 year	81,570	89,000
Total	3,350,566	3,714,047

The trade payables are non-interest-bearing and are normally settled on terms of 30 days to 90 days.

Included in the Group's trade payables are amounts due to subsidiaries of Alibaba Group of approximately RMB907,537,000 (2023: RMB843,047,000), which are repayable on credit terms mutually agreed by the parties involved.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 25. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other payables	904,429	886,136
Accruals	92,714	176,064
Contingent consideration	–	65,292
<b>Total</b>	<b>997,143</b>	<b>1,127,492</b>

Other payables are non-interest-bearing. The current other payables have an average term of three months. The non-current other payables were to be paid after certain conditions are fulfilled.

Included in the Group's other payables are advances received from a joint venture amounting to RMB1,287,758 (2023: RMB1,043,000), which are used to settle the management fees incurred in the subsequent period within three months.

## 26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Pharmaceutical direct sales business	250,609	204,065	105,631
Healthcare and digital services business	304,074	291,001	155,047
<b>Total</b>	<b>554,683</b>	<b>495,066</b>	<b>260,678</b>

The increase in contract liabilities as at March 31, 2023 and 2024 was mainly due to the increasing scale of pharmaceutical direct sales business and healthcare and digital services business.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 27. DEFERRED TAX

The movements in gross deferred tax assets and liabilities during the year are as follows:

March 31, 2024

	Fair value adjustments attributable to								Total
	Loss available for offsetting against future taxable profits	Equity investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Acquisition of subsidiaries	Equity accounting and deemed cost adjustments of investments in joint ventures and associates	Lease liabilities	Investments in subleases	Right-of-use assets	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets/ (liabilities) at March 31, 2023	174,663	-	(14,734)	(77,120)	(171,395)	-	-	-	(88,586)
Effect of adoption of amendments to HKAS 12 (note 2.2(c))	-	-	-	-	-	19,422	(6,005)	(13,551)	(134)
At April 1, 2023 (restated)	174,663	-	(14,734)	(77,120)	(171,395)	19,422	(6,005)	(13,551)	(88,720)
Deferred tax credited/(charged) to:									
the statement of profit or loss (note 9)	16,265	-	8,267	4,187	(1,335)	1,103	3,348	(3,455)	28,380
the statement of comprehensive income	-	-	-	-	101	-	-	-	101
the statement of changes in equity	-	-	-	-	1,004	-	-	-	1,004
Exchange realignment	-	-	(194)	-	-	-	-	-	(194)
Gross deferred tax assets/ (liabilities) at March 31, 2024	190,928	-	(6,661)	(72,933)	(171,625)	20,525	(2,657)	(17,006)	(59,429)



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 27. DEFERRED TAX (CONTINUED)

The movements in gross deferred tax assets and liabilities during the year are as follows:  
(Continued)

March 31, 2023

	Fair value adjustments attributable to					Lease liabilities	Investments in subleases	Right-of-use assets	Total
	Loss available for offsetting against future taxable profits	Equity investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Acquisition of subsidiaries	Equity accounting and deemed cost adjustments of investments in joint ventures and associates				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets/ (liabilities) at March 31, 2022	132,880	(2,015)	(19,957)	(81,307)	(128,694)	–	–	–	(99,093)
Effect of adoption of amendments to HKAS 12 (note 2.2(c))	–	–	–	–	–	33,839	–	(36,219)	(2,380)
At April 1, 2022 (restated)	132,880	(2,015)	(19,957)	(81,307)	(128,694)	33,839	–	(36,219)	(101,473)
Deferred tax credited/(charged) to:									
the statement of profit or loss (note 9) (restated)	41,783	–	(4,083)	4,187	(27,423)	(14,417)	3,002	13,661	16,710
the statement of comprehensive income	–	2,174	–	–	–	–	–	–	2,174
the statement of changes in equity	–	–	–	–	(5,890)	–	–	–	(5,890)
Transfer	–	–	9,388	–	(9,388)	–	(9,007)	9,007	–
Exchange realignment	–	(159)	(82)	–	–	–	–	–	(241)
Gross deferred tax assets/ (liabilities) at March 31, 2023 and April 1, 2023 (restated)	174,663	–	(14,734)	(77,120)	(171,395)	19,422	(6,005)	(13,551)	(88,720)

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 27. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	54,870	34,096
Net deferred tax liabilities recognised in the consolidated statement of financial position	(114,299)	(122,816)
Net deferred tax assets/(liabilities)	(59,429)	(88,720)

The Group has tax losses arising in Hong Kong of approximately RMB75,563,000 (2023: RMB52,660,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Chinese Mainland of RMB1,676,502,000 (2023: RMB1,188,893,000) that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognized in respect of these losses and other deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

Deferred tax assets have not been recognized in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	1,081,698	1,241,553
Deductible temporary differences	383,576	378,591
	1,465,274	1,620,144

The Group is liable to withholding taxes on dividends distributed by those subsidiaries, joint venture and associates established in Chinese Mainland in respect of earnings generated from January 1, 2008. The applicable rate is 10% for the Group.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 27. DEFERRED TAX (CONTINUED)

At March 31, 2024, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, joint venture and associates established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognized totaled approximately RMB1,435,189,000 at March 31, 2024 (2023: RMB982,770,000). At March 31, 2024, there were unremitted earnings shared by the Group of approximately RMB234,378,000 (2023: RMB220,428,000) from the Group's associates and an joint venture established in Chinese Mainland in respect of earnings generated from January 1, 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 28. SHARE CAPITAL

### Shares

	2024 HK\$'000	2023 HK\$'000
Authorized: 20,000,000,000 (2023: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
	2024 RMB'000	2023 RMB'000
Issued and fully-paid: 16,091,736,264 (2023: 13,521,362,542) ordinary shares of HK\$0.01 each	142,780	119,133

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 28. SHARE CAPITAL (CONTINUED)

### Shares (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
At April 1, 2022	13,517,806,542	119,102	43,499,897	(23,516)	43,595,483
Repurchase of shares (note a)	–	–	–	(81,582)	(81,582)
Vested awarded shares transferred to employees (note b)	–	–	214,834	34,616	249,450
Share options exercised (note c)	3,556,000	31	19,345	–	19,376
At March 31 and April 1, 2023	<b>13,521,362,542</b>	<b>119,133</b>	<b>43,734,076</b>	<b>(70,482)</b>	<b>43,782,727</b>
Repurchase of shares (note a)	–	–	–	(104,568)	(104,568)
Vested awarded shares transferred to employees (note b)	–	–	130,440	73,210	203,650
Share options exercised (note c)	235,500	2	1,256	–	1,258
Issue of shares for acquisition under common control (note d)	2,558,222,222	23,539	7,508,952	–	7,532,491
Issue of shares for restricted share units (note e)	11,916,000	106	–	(106)	–
At March 31, 2024	<b>16,091,736,264</b>	<b>142,780</b>	<b>51,374,724</b>	<b>(101,946)</b>	<b>51,415,558</b>

#### Notes:

- During the year ended March 31, 2024, 33,018,000 shares of HK\$0.01 each were repurchased for RSUs to be vested for non-connected persons and connected persons at a total cash consideration of RMB104,568,000 (2023: 25,258,000 shares of HK\$0.01 each were repurchased for RSUs to be vested for non-connected persons and connected persons at a total cash consideration of RMB81,582,000).
- Upon vesting of RSUs for the year ended March 31, 2024, 29,897,000 treasury shares were transferred to non-connected persons and 1,056,000 treasury shares were transferred to connected persons, respectively (2023: 15,653,000 issued shares and 5,188,000 repurchased shares were transferred to non-connected persons and 1,403,000 repurchased shares were transferred to connected persons, respectively).
- The subscription rights attaching to 235,500 share options were exercised at the subscription price of HK\$4.02 per share (note 29), resulting in the issue of 235,500 shares for a total cash consideration, before expenses, of RMB878,000. An amount of RMB380,000 was transferred from the share option reserve to share premium upon the exercise of the share options (2023: The subscription rights attaching to 3,556,000 share options were exercised at the subscription price of HK\$4.16 per share (note 29), resulting in the issue of 3,556,000 shares for a total cash consideration, before expenses, of RMB12,890,000. An amount of RMB6,486,000 was transferred from the share option reserve to share premium upon the exercise of the share options).

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 28. SHARE CAPITAL (CONTINUED)

### Shares (Continued)

Notes: (Continued)

- d. On January 17, 2024, 2,558,222,222 shares of HK\$0.01 each were issued to a related company for an acquisition of subsidiaries, details of which are disclosed in the note 31 to the financial statements.
- e. During the year ended March 31, 2024, 11,916,000 (2023: nil) shares of HK\$0.01 each were issued for RSUs to be vested for non-connected persons.

### Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 29 to the financial statements.

## 29. SHARE-BASED COMPENSATION COSTS

### Share award scheme

At the special general meeting of the Company held on November 24, 2014 (the "2014 Adoption Date"), the Shareholders approved the adoption of the Share Award Scheme (the "Share Award Scheme"). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the 2014 Adoption Date. The validity period of the options granted under the Share Award Scheme shall be ten years from the date of grant and the options shall lapse upon the expiry of the validity period. The minimum period for which the options must be held before it can be exercised shall be no less than one year from the date of its respective grant.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on August 11, 2023 (the "2023 Approval Date"), the Company approved to amend the rules of the Share Award Scheme. Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Board from time to time), select an employee or any other person for participation in the Share Award Scheme and determine the number of shares to be awarded (the "Share Awards"). The total number of shares that may be issued in respect of the Share Awards granted under the Share Award Scheme and any other share schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the shares in issue as at the 2023 Approval Date, or 10% of the shares in issue as at the date of approving the refreshed Scheme Mandate Limit. The total number of shares that may be issued in respect of the Share Awards granted to any person who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business that are beneficial to the long-term development of the Group (the "Service Providers") under the Share Award Scheme and any other share schemes of the Company (the "Service Provider Sublimit") shall not exceed 1% of the shares in issue as at the 2023 Approval Date, or 1% of the shares in issue as at the date of approving the refreshed Service Provider Sublimit.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

### Share award scheme (Continued)

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

	<b>Weighted average exercise price of share options</b>	<b>Number of share options</b>	<b>Number of restricted share units</b>
	<i>HK\$ per share</i>	<i>'000</i>	<i>'000</i>
Outstanding at April 1, 2022	10.69	15,178	61,367
Granted during the year	4.92	7,344	74,833
Forfeited or lapsed during the year	5.72	(313)	(16,053)
Exercised or vested during the year	4.16	(3,556)	(22,238)
Outstanding at March 31 and April 1, 2023	<b>7.87</b>	<b>18,653</b>	<b>97,909</b>
Granted during the year	<b>5.02</b>	<b>10,149</b>	<b>58,127</b>
Forfeited or lapsed during the year	<b>5.95</b>	<b>(2,103)</b>	<b>(23,866)</b>
Exercised or vested during the year	<b>4.01</b>	<b>(236)</b>	<b>(30,953)</b>
Outstanding at March 31, 2024	<b>8.29</b>	<b>26,463</b>	<b>101,217</b>

The weighted average share price at the date of exercise for share options exercised during the year was HK\$4.9 per share (2023: HK\$5.33).

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

### Share award scheme (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Exercise period		Exercise price <i>HK\$ per share</i>	2024 Number of options <i>'000</i>	2023 Number of options <i>'000</i>
7/9/2015	to 6/9/2025	5.184	508	508
28/4/2016	to 27/4/2026	5.32	152	152
29/7/2016	to 28/7/2026	5.558	1,662	1,746
2/2/2017	to 1/2/2027	3.626	593	593
3/8/2017	to 2/8/2027	3.686	734	799
10/10/2017	to 9/10/2027	4.4	162	162
1/2/2018	to 31/1/2028	4.144	347	518
15/6/2020	to 14/6/2030	19.94	4,466	4,512
15/9/2020	to 14/9/2030	18.86	119	119
15/6/2021	to 14/6/2031	18.21	1,579	1,663
15/3/2022	to 14/3/2032	4.24	750	750
15/6/2022	to 14/6/2032	4.92	6,493	7,131
15/6/2023	to 14/6/2033	5.16	6,162	–
15/9/2023	to 14/9/2033	4.68	2,528	–
15/12/2023	to 14/12/2033	4.38	208	–
			<b>26,463</b>	18,653

The exercise price of RSUs is nil.

As at March 31, 2024, the remaining vesting periods for the options and RSUs granted range from 2.5 to 63.5 months (2023: 3 to 64 months).

The fair value of the share options granted during the year was RMB30,977,000 (HK\$3.32 each) (2023: RMB15,430,000, HK\$2.46 each), of which the Group recognized a share option expense of RMB8,473,000 (2023: RMB4,591,000) during the year ended March 31, 2024. During the year ended March 31, 2024, the Group also recognized a share option expense of RMB7,471,000 (2023: RMB10,975,000) in respect of share options granted in prior years.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

### Share award scheme (Continued)

The fair value of the RSUs granted during the year was RMB265,622,000 (HK\$5.01 each) (2023: RMB313,995,000, HK\$4.89 each), of which the Group recognized a RSU expense of RMB77,101,000 (2023: RMB93,189,000) during the year ended March 31, 2024. During the year ended March 31, 2024, the Group also recognized a RSU expense of RMB125,076,000 (2023: RMB146,114,000) in respect of RSUs granted in prior years.

The fair value of share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	Share options granted in	
	2024	2023
Fair value of the Company's shares as at the grant date	HK\$4.38~HK\$5.16	HK\$2.12~HK\$2.57
Expected volatility (%)	83	60
Expected dividend (%)	—	—
Exercise multiple	2.6~3.0	1.3~2.3
Exercise price	HK\$4.38~HK\$5.16	HK\$4.92
Risk-free interest rate (%)	3.60	3.38
Forfeiture rate (%)	24	23~24

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

The fair value of the RSUs granted during the year was determined based on the market value of the Company's shares at the respective grant dates.

The fair value of RSUs granted by Alibaba Group to employees transferred from other entities of Alibaba Group to the Company was measured with reference to Alibaba Group's closing share price of the employment transfer date. The Company is obligated to pay a cash consideration to Alibaba Group for such employees' service period at the Group on a pro rata basis when these RSUs were vested.

The Group recognized share-based compensation expenses of RMB47,938,000 for awards under Alibaba Group's Share Award Scheme for the year ended March 31, 2024 (2023: RMB54,021,000) with a corresponding payable of RMB255,452,000 due to Alibaba Group recorded at March 31, 2024 (2023: RMB242,137,000).



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 29. SHARE-BASED COMPENSATION COSTS (CONTINUED)

### Share award scheme (Continued)

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

	2024 RMB'000	2023 RMB'000
Cost of sales	12,829	15,408
Fulfilment	31,711	36,058
Selling and marketing expenses	65,705	89,324
Administrative expenses	76,038	69,403
Product development expenses	79,776	98,697
Total	266,059	308,890

At the end of the reporting period, the Company had approximately 26,463,000 share options and 101,217,000 RSUs outstanding under the Share Award Scheme, which represented approximately 0.79% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options and RSUs, under the present capital structure of the Company, would result in the issue of approximately 26,463,000 additional ordinary shares of the Company and additional share capital of HK\$264,630 (equivalent to approximately RMB242,000) (before issue expenses), the purchase of 66,716,000 existing shares from the market and the release of 34,501,000 shares from treasury shares.

At the date of approval of these financial statements, the Company had approximately 26,463,000 share options and 98,185,918 RSUs outstanding under the Share Award Scheme, which represented approximately 0.77% of the Company's shares in issue as at that date.

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 117 to page 118 of the financial statements.

### Merger reserve

The merger reserve represents the differences between the fair value of consideration shares issued by the Company and the carrying amount of the net assets of the target company at the acquisition date pursuant to the business combination under common control of the Group that took place in prior years.

### Other reserves

Other reserves mainly consist of PRC statutory reserves and contributed surplus. Under the relevant PRC laws and regulations, PRC companies are required to allocate 10% of their net profit to the fund until such fund reaches 50% of their registered capital. The statutory reserve fund can be utilized, upon approval by the relevant authorities, to offset against accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capital. Contributed surplus represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the net asset value of the subsidiaries acquired, and the surplus arising from the reduction of share capital. Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is distributable to shareholders. The Company has no distributable reserves at March 31, 2024 and 2023.

## 31. BUSINESS COMBINATION

On January 17, 2024, the Group acquired a 100% equity interest in AJK Technology Holding Limited and its subsidiaries (collectively referred to as the "Target Business") from Taobao Holding Limited (the "Vendor"), a direct wholly-owned subsidiary of Alibaba Holding. The acquisition of the Target Business is expected to enable the Group to offer one-stop solutions to better serve healthcare merchants' needs, to optimize healthcare merchants' marketing efficiency and return on investment and to improve the business and revenue growth of healthcare merchants and the Group. As the Company and the Target Business are under common control of Alibaba Holding before and after the transaction, the transaction has been accounted for as a business combination under common control using merger accounting.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 31. BUSINESS COMBINATION (CONTINUED)

The consideration of HK\$13,512,000,000 was satisfied by the Company issuing 2,558,222,222 shares and paying United States Dollar equivalent of HK\$2,000,000,000 (approximately RMB1,849,529,000) in cash to the Vendor. The fair value of these consideration shares was HK\$8,186,311,000 (approximately RMB7,532,491,000) which was determined based on the market price of HK\$3.20 per ordinary share as at January 17, 2024. The difference of RMB9,371,262,000 between the fair value of consideration of approximately RMB9,382,020,000 and the carrying amount of the net assets of the Target Business at the acquisition date of approximately RMB10,758,000 is recognized in the merger reserve. The Target Business is engaged in the provision of marketing materials review services and value-added services.

The existing book values of the identified assets and liabilities of the Target Business as at the date of acquisition were as follows:

	Existing book values RMB'000
Cash and cash equivalents	10,758
Total identified net assets at existing book values	10,758
Satisfied by:	
Share consideration	7,532,491
Cash consideration	1,849,529
	9,382,020

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash consideration	1,849,529
Cash and cash equivalents acquired	(10,758)
Net outflow of cash and cash equivalents included in the cash flows used in financing activities	1,838,771

Since the acquisition, the Target Business contributed RMB239,522,000 to the Group's revenue and profit of RMB1,435,000 to the consolidated profit for the year ended March 31, 2024.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB51,308,000 (2023: RMB14,527,000) and RMB51,308,000 (2023: RMB14,527,000), respectively, in respect of lease arrangements for buildings.

### (b) Changes in liabilities arising from financing activities

	Lease liabilities	
	2024 RMB'000	2023 RMB'000
Carrying amount at April 1	77,798	135,414
Changes from financing cash flows	(39,934)	(42,586)
New leases	51,308	14,527
Revision of leases term arising from a change in the non-cancellable period of leases	(7,002)	(29,258)
Interest expense	5,969	5,833
Interest paid classified as operating cash flows	(5,969)	(5,833)
Covid-19-related rent concessions from lessors	–	(299)
Carrying amount at March 31	82,170	77,798

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	7,621	6,959
Within financing activities	39,934	42,586
Total	47,555	49,545

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 33. RELATED PARTY TRANSACTIONS

### (I) Transactions with related parties

	2024 RMB'000	2023 RMB'000
Ultimate holding company and its subsidiaries: Share-based compensation expenses attributable to connected persons^	<b>(12,709)</b>	(20,780)
Fellow subsidiaries:		
Marketing services received from Alibaba Group	<b>(1,566,271)</b>	(1,046,205)
Shared services received from Alibaba Group	<b>(284,125)</b>	(254,602)
Internet information and other related services received from Alibaba Group	<b>(311,039)</b>	(266,971)
Cloud computing services received from Alibaba Cloud Computing Ltd.	<b>(114,833)</b>	(107,044)
Logistics and warehouse services received from Hangzhou Cainiao Supply Chain Management Co., Ltd.	<b>(175,126)</b>	(225,189)
Technical services received from Tmall Entities® regarding Blue Cap Health Food#, medical devices, healthcare products, adult products, and medical and healthcare services	<b>(792,379)</b>	(894,564)
Technical services received from Taobao Holding Limited ("Taobao Holding") regarding Tmall Products and Services and Tmall Global Products and Services*	<b>(327,612)</b>	(320,768)
Outsourced and value-added services provided to Taobao Holding	<b>108,755</b>	105,918
Tracking related services provided to Taobao Holding	<b>2,021</b>	2,092
Sales of products to Taobao Holding	<b>–</b>	23,162
Shared services provided to Alibaba Group	<b>440</b>	–
Software services provided to Taobao Holding	<b>98,342</b>	100,212
Business sourcing and promotion services provided to Koubei (Shanghai) Information Technology Co., Ltd.	<b>5,288</b>	14
Marketing materials review services and value-added services provided to Hangzhou Alimama Software Services Co., Ltd.	<b>239,522</b>	–
Associate of the ultimate holding company:		
Payment services received from Alipay	<b>(75,375)</b>	(78,846)
Information display service provided by Ant Yikang (Guangzhou) Information Technology Co., Ltd.	<b>(1,598)</b>	–
Registration service provided to Ant Yikang (Guangzhou) Information Technology Co., Ltd.	<b>2,830</b>	–
Joint ventures:		
Management fee	<b>10,669</b>	9,452
Associates:		
Sales of products	<b>1,891</b>	196

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 33. RELATED PARTY TRANSACTIONS (CONTINUED)

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

<sup>^</sup> On June 15, 2022, a total of 3,776,625 options are granted to five connected grantees, of which 1,290,125 options are granted to Mr. Zhu Shunyan (Chairman) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023), 1,062,750 options are granted to Mr. Shen Difan (Chief Executive Officer) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023), 283,250 options are granted to Mr. Tu Yanwu, and the remaining options are granted to three directors of subsidiaries of the Company.

On June 15, 2022, a total of 1,992,550 RSUs are granted to six connected grantees, of which 516,050 RSUs are granted to Mr. Zhu Shunyan (Chairman) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023), 425,100 RSUs are granted to Mr. Shen Difan (Chief Executive Officer) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023), 113,300 RSUs are granted to Mr. Tu Yanwu, and the remaining RSUs are granted to three directors of subsidiaries of the Company.

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

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

<sup>®</sup> Tmall Entities refers to Zhejiang Tmall Network Co., Ltd. and Zhejiang Tmall Technology Co., Ltd.

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 33. RELATED PARTY TRANSACTIONS (CONTINUED)

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

In addition to the outstanding balances detailed in notes 19, 24 and 25 to the financial statements, the balances with related parties as at the end of the reporting period are listed below:

	2024 RMB'000	2023 RMB'000
Fellow subsidiaries:		
Prepayments, other receivables and other assets	231,290	215,500
Other payables and accruals	273,418	246,182
Associate of the ultimate holding company:		
Trade receivables	3,643	–
Prepayments, other receivables and other assets	852	2,541
Other payables and accruals	583	290

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

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

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	26,154	17,209
Performance related bonuses	14,193	11,419
Share-based compensation expenses	60,164	29,277
Pension scheme contributions	1,074	669
Total compensation paid to key management personnel	101,585	58,574

Further details of directors' and chief executive's emoluments are included in note 7 to the financial statements.

The transactions in respect of item (I) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

### Financial assets

Financial assets	Financial assets at fair value through other comprehensive income				Total RMB'000
	Financial assets at fair value through profit or loss designated as such upon initial recognition RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortized cost RMB'000	
Equity investment at fair value through other comprehensive income	–	–	101,659	–	101,659
Financial investments at fair value through profit or loss	1,567,998	–	–	–	1,567,998
Trade receivables	–	–	–	782,093	782,093
Bills receivable	–	3,043	–	–	3,043
Financial assets included in prepayments, other receivables and other assets	–	–	–	1,042,658	1,042,658
Restricted cash	–	–	–	278,406	278,406
Long-term time deposits	–	–	–	694,000	694,000
Cash and cash equivalents	–	–	–	9,553,110	9,553,110
<b>Total</b>	<b>1,567,998</b>	<b>3,043</b>	<b>101,659</b>	<b>12,350,267</b>	<b>14,022,967</b>



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024 (Continued)

### *Financial liabilities*

	Financial liabilities at amortized cost RMB'000
Trade and bills payables	3,350,566
Financial liabilities included in other payables and accruals	598,072
Lease liabilities	82,170
Total	4,030,808

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

### Financial assets

Financial assets at fair value through profit or loss designated as such upon initial recognition <i>RMB'000</i>	Financial assets at fair value through other comprehensive income		Financial assets at amortized cost <i>RMB'000</i>	Total <i>RMB'000</i>
	Debt investments <i>RMB'000</i>	Equity investments <i>RMB'000</i>		
Equity investment at fair value through other comprehensive income	–	–	122,062	122,062
Financial investments at fair value through profit or loss	1,883,292	–	–	1,883,292
Trade receivables	–	–	578,083	578,083
Bills receivable	–	704	–	704
Financial assets included in prepayments, other receivables and other assets	–	–	632,979	632,979
Restricted cash	–	–	150,262	150,262
Cash and cash equivalents	–	–	10,917,171	10,917,171
<b>Total</b>	<b>1,883,292</b>	<b>704</b>	<b>122,062</b>	<b>14,284,553</b>

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023 (Continued)

### *Financial liabilities*

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition <i>RMB'000</i>	Financial liabilities at amortized cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	–	3,714,047	3,714,047
Financial liabilities included in other payables and accruals	65,292	537,968	603,260
Lease liabilities	–	77,798	77,798
<b>Total</b>	<b>65,292</b>	<b>4,329,813</b>	<b>4,395,105</b>

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

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

	Carrying amount		Fair value	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	<b>1,567,998</b>	1,883,292	<b>1,567,998</b>	1,883,292
Equity investment designated at fair value through other comprehensive income	<b>101,659</b>	122,062	<b>101,659</b>	122,062
Long-term time deposits	<b>694,000</b>	–	<b>644,144</b>	–
Long-term receivables	<b>31,568</b>	20,024	<b>28,840</b>	17,950
Bills receivable	<b>3,043</b>	704	<b>3,043</b>	704
<b>Total</b>	<b>2,398,268</b>	2,026,082	<b>2,345,684</b>	2,024,008
Financial liabilities				
Contingent consideration included in other payables and accruals	–	65,292	–	65,292

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

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

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

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

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

The fair value of the contingent consideration included in other payables and accruals has been calculated by discounting the expected cash flows using the corresponding weighted, average cost of capital, of which the cost of equity is determined by the capital asset pricing model.

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

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at March 31, 2024 and 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	3.78 to 4.90 (2023: 1.95 to 8.18)	1% (2023: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB1,165,000 to RMB3,079,000 (2023: RMB315,000 to RMB4,658,000)
		(2023: Average P/B multiple of peers)	(2023: 3.16)	(2023: 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB906,000)
		Discount for lack of marketability	13% to 18% (2023: 17% to 30%)	1% (2023: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB247,000 to RMB520,000 (2023: RMB523,000 to RMB1,026,000)
Unlisted equity investments	Valuation multiples	Median P/S multiple of peers	1.29 to 8.98 (2023: 1.28 to 9.78)	1% (2023: 1%) increase/decrease in multiple would result in increase in fair value by RMB733,000 to RMB7,796,000/decrease in fair value by RMB729,000 to RMB7,796,000 (2023: RMB684,000 to RMB8,320,000/RMB691,000 to RMB8,320,000)
		Discount for lack of marketability	20% to 35% (2023: 20% to 27%)	1% (2023: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB213,000 to RMB1,949,000 (2023: RMB259,000 to RMB2,080,000)

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

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

### Fair value hierarchy

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

Assets measured at fair value:

*As at March 31, 2024*

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

*As at March 31, 2023*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investment designated at fair value through other comprehensive income	–	–	122,062	122,062
Financial assets at fair value through profit or loss	–	–	1,883,292	1,883,292
Bills receivable	–	704	–	704
<b>Total</b>	<b>–</b>	<b>704</b>	<b>2,005,354</b>	<b>2,006,058</b>

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

### Fair value hierarchy (Continued)

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

	2024 RMB'000	2023 RMB'000
<b>Equity investment at fair value though other comprehensive income</b>		
At April 1	122,062	140,900
Total losses recognized in other comprehensive income	(27,888)	(30,090)
Exchange realignment	7,485	11,252
At March 31	<b>101,659</b>	122,062

	2024 RMB'000	2023 RMB'000
<b>Financial assets at fair value though profit or loss</b>		
At April 1	1,883,292	1,661,490
Total gains/(loss) recognized in profit or loss	(349,854)	47,917
Purchases	–	142,420
Exchange realignment	34,560	31,465
At March 31	<b>1,567,998</b>	1,883,292

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at March 31, 2024.

### As at March 31, 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Contingent consideration included in other payables and accruals	–	–	65,292	65,292



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

### Fair value hierarchy (Continued)

#### As at March 31, 2023 (Continued)

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

Assets for which fair values are disclosed:

#### As at March 31, 2024

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

#### As at March 31, 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Long-term time deposits	–	–	–	–
Long-term receivables	–	17,950	–	17,950
Total	–	17,950	–	17,950

# NOTES TO FINANCIAL STATEMENTS

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March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

### **Credit risk**

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong and state-owned banks in Chinese Mainland. This investment policy limits the Group's exposure to concentrations of credit risk.

### ***Maximum exposure and year-end staging***

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at March 31. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Maximum exposure and year-end staging (Continued)

As at March 31, 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	815,780	815,780
Bills receivable	3,043	–	–	–	3,043
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,042,658	–	–	–	1,042,658
– Doubtful**	–	–	6,760	–	6,760
Long-term time deposits					
– Not yet past due	694,000	–	–	–	694,000
Restricted cash					
– Not yet past due	278,406	–	–	–	278,406
Cash and cash equivalents					
– Not yet past due	9,553,110	–	–	–	9,553,110
<b>Total</b>	<b>11,571,217</b>	<b>–</b>	<b>6,760</b>	<b>815,780</b>	<b>12,393,757</b>

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Maximum exposure and year-end staging (Continued)

As at March 31, 2023

	12-month		Lifetime ECLs		Total RMB'000
	ECLs				
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	606,627	606,627
Bills receivable	704	–	–	–	704
Financial assets included in prepayments, other receivables and other assets					
– Normal**	632,979	–	–	–	632,979
– Doubtful**	–	–	6,760	–	6,760
Long-term time deposits					
– Not yet past due	–	–	–	–	–
Restricted cash					
– Not yet past due	150,262	–	–	–	150,262
Cash and cash equivalents					
– Not yet past due	10,917,171	–	–	–	10,917,171
<b>Total</b>	<b>11,701,116</b>	<b>–</b>	<b>6,760</b>	<b>606,627</b>	<b>12,314,503</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the Group's cash and bank balances denominated in currencies other than the functional currencies of the operating units.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax arising from RMB denominated cash and bank balances).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax RMB'000
<b>2024</b>		
If the Hong Kong dollar weakens against RMB	1	1,681
If the Hong Kong dollar strengthens against RMB	(1)	(1,681)
<b>2023</b>		
If the Hong Kong dollar weakens against RMB	1	600
If the Hong Kong dollar strengthens against RMB	(1)	(600)

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

*As at March 31, 2024*

	Less than 1 year or on demand RMB'000	Over 1 year RMB'000	Total RMB'000
Trade and bills payables	3,350,566	–	3,350,566
Financial liabilities included in other payables and accruals	598,072	–	598,072
Lease liabilities	34,518	49,933	84,451
<b>Total</b>	<b>3,983,156</b>	<b>49,933</b>	<b>4,033,089</b>

*As at March 31, 2023*

	Less than 1 year or on demand RMB'000	Over 1 year RMB'000	Total RMB'000
Trade and bills payables	3,714,047	–	3,714,047
Financial liabilities included in other payables and accruals	603,260	–	603,260
Lease liabilities	46,322	51,367	97,689
<b>Total</b>	<b>4,363,629</b>	<b>51,367</b>	<b>4,414,996</b>

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new issues of shares.

## 37. EVENTS AFTER THE REPORTING PERIOD

During the period between April 1 and May 27, 2024, 7,934,000 shares of HK\$0.01 each were repurchased for RSUs to be vested for non-connected persons at a total cash consideration of RMB23,366,000.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	45,361,748	33,892,471
Due from subsidiaries	7,244,561	8,804,374
Other intangible assets	193	–
Total non-current assets	52,606,502	42,696,845
CURRENT ASSETS		
Prepayments, other receivables and other accruals	149,031	114,258
Other intangible assets	–	182
Restricted cash	88,625	19,979
Cash and cash equivalents	2,375	2,101
Total current assets	240,031	136,520
CURRENT LIABILITIES		
Other payables and accruals	94,227	27,459
Due to subsidiaries	8,883	9,966
Total current liabilities	103,110	37,425
NET CURRENT ASSETS	136,921	99,095
TOTAL ASSETS LESS CURRENT LIABILITIES	52,743,423	42,795,940
Net assets	52,743,423	42,795,940
EQUITY		
Share capital	142,780	119,133
Treasury shares	(101,946)	(70,482)
Reserves	52,702,589	42,747,289
Total equity	52,743,423	42,795,940



# NOTES TO FINANCIAL STATEMENTS

March 31, 2024

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Share premium account	Capital reserve	Contributed surplus	Exchange fluctuation reserve <sup>#</sup>	Employee share-based compensation reserve	Accumulated losses	Total
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 1, 2022	43,499,897	58,652	57,741	(648,930)	442,281	(1,061,362)	42,348,279
Loss for the year	-	-	-	-	-	(64,637)	(64,637)
Translation from functional currency to presentation currency	-	-	-	185,306	-	-	185,306
Total comprehensive income for the year	-	-	-	185,306	-	(64,637)	120,669
Exercise of share options	19,345	-	-	-	(6,486)	-	12,859
Share-based compensation expenses	-	-	-	-	254,869	-	254,869
Vested awarded shares transferred to employees	29	214,834	27,002	-	-	(231,223)	10,613
At March 31, 2023 and April 1, 2023	<b>43,734,076</b>	<b>85,654</b>	<b>57,741</b>	<b>(463,624)</b>	<b>459,441</b>	<b>(1,125,999)</b>	<b>42,747,289</b>
Loss for the year	-	-	-	-	-	(15,197)	(15,197)
Translation from functional currency to presentation currency	-	-	-	2,346,193	-	-	2,346,193
Total comprehensive income for the year	-	-	-	2,346,193	-	(15,197)	2,330,996
Issue of new shares for acquisition under common control	7,508,952	-	-	-	-	-	7,508,952
Exercise of share options	1,256	-	-	-	(380)	-	876
Share-based compensation expenses	-	-	-	-	218,121	-	218,121
Vested awarded shares transferred to employees	29	130,440	(47,461)	-	-	(186,624)	(103,645)
At March 31, 2024	<b>51,374,724</b>	<b>38,193</b>	<b>57,741</b>	<b>1,882,569</b>	<b>490,558</b>	<b>(1,141,196)</b>	<b>52,702,589</b>

<sup>#</sup> The exchange fluctuation reserve represents the differences arising from translating the financial statements from HK\$ into RMB, the Group's presentation currency.

## 39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on May 27, 2024.

# FINANCIAL SUMMARY

	Year ended March 31,				
	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
<b>RESULTS</b>					
Revenue	<b>27,026,555</b>	26,763,016	20,577,616	15,518,468	9,596,476
Profit/(loss) before tax	<b>939,399</b>	550,994	(252,514)	401,219	9,094
Income tax expense	<b>(56,263)</b>	(14,485)	(15,527)	(58,775)	(24,834)
Profit/(loss) for the year	<b>883,136</b>	536,509	(268,041)	342,444	(15,740)
Attributable to:					
Owners of the parent	<b>883,477</b>	535,653	(267,655)	348,352	(6,630)
Non-controlling interests	<b>(341)</b>	856	(386)	(5,908)	(9,110)
	<b>883,136</b>	536,509	(268,041)	342,444	(15,740)

	As at March 31,				
	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>19,705,337</b>	20,747,820	19,201,997	17,739,495	7,870,272
Total liabilities	<b>(5,187,733)</b>	(5,600,621)	(5,132,145)	(3,458,171)	(2,667,801)
	<b>14,517,604</b>	15,147,199	14,069,852	14,281,324	5,202,471
Equity attributable to					
owners of the parent	<b>14,544,212</b>	15,173,573	14,096,039	14,301,670	5,269,101
Non-controlling interests	<b>(26,608)</b>	(26,374)	(26,187)	(20,346)	(66,630)
	<b>14,517,604</b>	15,147,199	14,069,852	14,281,324	5,202,471