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MediNet Group Limited

醫匯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8161)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of MediNet Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.MediNetGroup.com.

FINANCIAL HIGHLIGHT

- The revenue of the Group amounted to approximately HK\$39.4 million for the three months ended 30 June 2019, representing an increase of approximately HK\$15.8 million as compared with the three months ended 30 June 2018.
- The loss for the period of the Group is approximately HK\$1.8 million for the three months ended 30 June 2019, representing a decrease in loss of approximately HK\$1.9 million as compared with the three months ended 30 June 2018.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2019.

FIRST QUARTERLY RESULTS

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	Notes	Three months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	39,407	23,599
Other income		311	489
Other losses		–	(132)
Medical and dental professional services expenses		(17,222)	(11,402)
Staff costs		(10,157)	(8,058)
Depreciation of property, plant and equipment		(4,023)	(570)
Cost of medical and dental supplies		(4,371)	(817)
Rental expenses		–	(2,665)
Other expenses		(5,168)	(4,129)
Amortisation of intangible assets		(393)	–
Finance costs		(145)	–
		<hr/>	<hr/>
Loss before taxation		(1,761)	(3,685)
Income tax expense	4	–	–
		<hr/>	<hr/>
Loss for the period		(1,761)	(3,685)
		<hr/>	<hr/>
Other comprehensive income for the period			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		198	–
		<hr/>	<hr/>
Loss and total comprehensive expense for the period		(1,563)	(3,685)
		<hr/>	<hr/>
Loss per share — Basic (Hong Kong cents)	6	(0.17)	(0.35)
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note a)	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	10,400	51,853	(1,253)	20,515	537	(14,881)	67,171
Loss and total comprehensive expense for the period	-	-	-	-	-	(3,685)	(3,685)
At 30 June 2018 (unaudited)	10,400	51,853	(1,253)	20,515	537	(18,566)	63,486
At 1 April 2019 (audited)	10,400	51,853	(1,253)	20,515	55	(28,318)	53,252
Loss for the period	-	-	-	-	-	(1,761)	(1,761)
Exchange differences arising on translation	-	-	-	-	198	-	198
Loss and total comprehensive income (expense) for the period	-	-	-	-	198	(1,761)	(1,563)
At 30 June 2019 (unaudited)	10,400	51,853	(1,253)	20,515	253	(30,079)	51,689

Note:

- (a) In November 2012, the Group advanced a three-year unsecured, interest-free loan with principal amount of HK\$13,663,000 to MediNet Holdings Limited (“**MediNet Holdings**”), the then holding company of Well Being Dental Services Limited (“**Well Being**”), Medinet Services Limited (“**Medinet Services**”) and Medinet Health Centre Limited (“**Medinet Health Centre**”) of which Mr. Chan Chi Wai, Nelson (“**Mr. Chan**”) was the ultimate owner and the controlling shareholder (the “**Controlling Shareholder**”). The interest-free loan was initially measured at its fair value of HK\$12,410,000 at an effective interest rate of 3.25% per annum and subsequently carried at amortised cost using effective interest method. The fair value adjustment of HK\$1,253,000 at initial recognition of the interest-free loan were recognised in equity as deemed distribution to shareholder. The loan has been settled during the year ended 31 March 2016.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 20 August 2015. The shares of the Company have been listed on GEM of the Stock Exchange since 31 May 2016. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at 16/F., 101 King's Road, North Point, Hong Kong. The Company's immediate and ultimate holding company is Medinet International Limited, a company incorporated in the British Virgin Islands which is controlled by the Controlling Shareholder.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of dental solutions and dental services and medical solutions and medical services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The unaudited condensed consolidated financial statements of the Group for the three-month period ended 30 June 2019 and 2018 have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2019, except for the adoption of the amendments to HKFRSs that have become effective for its accounting period beginning on 1 April 2019.

The unaudited condensed consolidated financial statement have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the ended of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

In the current period, the Group has adopted all the new and amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2019. HKFRSs comprise HKFRS and HKAS and Interpretations. The adoption of these new and amendments HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years, except for the adoption of HKFRS16 "Leases" as set out below.

Leases

HKFRS 16 was issued in May 2016 and is effective for annual periods beginning on or after 1 January 2019

HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion.

HKFRS 16 substantially carries forward the lessor accounting requirements of the superseded HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has reviewed the impact of HKFRS 16 on all its contracts that are, or that contain leases and has adopted HKFRS 16 with effect from 1 April 2019. The Group has opted for the modified retrospective application permitted by HKFRS 16 upon adoption of the new standard. Accordingly, the standard has been applied for the period beginning on 1 April 2019 (i.e. the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption of HKFRS 16 on all contracts as at 1 April 2019 in equity.

Modified retrospective application of HKFRS 16 also requires the Group to recognise a lease liability at the date of initial application for leases previously classified as an operating lease under the superseded HKAS 17 measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. As a practical expedient under HKFRS 16, the Group has not reassessed whether a contract is, or contains, a lease at the date of initial application. Instead, the Group applied HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 Leases and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, and did not apply HKFRS 16 to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics for determination of present value of the remaining lease payments. The right-of-use assets have been recognised, on a lease-by-lease basis, at respective carrying amounts as if HKFRS 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate of approximately 5.13% at the date of initial application.

At inception of a contract, the Group assesses whether the 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.

The impacts of HKFRS 16 on the Unaudited Condensed Consolidated Statements of Profit or loss of the Group are set out as below.

	As per HKFRS 16 HK\$000 (Unaudited)	As per HKAS 17 HK\$000 (Unaudited)	Impact due to change HK\$000 (Unaudited)
Depreciation of property, plant and equipment for three months ended 30 June 2019	(4,023)	(937)	(3,086)
Rental expenses for the three months ended 30 June 2019	–	(3,285)	3,285
Finance costs for the three months ended 30 June 2019	(145)	–	(145)
Loss for the three months ended 30 June 2019	(1,761)	(1,815)	54

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:		
Medical services	12,480	13,148
Dental services	1,468	1,361
Provision of healthcare services to self-paid patients, which refer to individual patients who visit the medical centres or dental clinics run by the Group and pay out of their own expenses:		
Medical services	6,541	4,993
Dental services	18,918	4,097
	39,407	23,599

4. INCOME TAX EXPENSE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	—	—

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

5. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the three-month period ended 30 June 2019 (three-month period ended 30 June 2018: Nil).

6. LOSS PER SHARE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of calculating basic loss per share for the period	<u>(1,761)</u>	<u>(3,685)</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,040,000</u>	<u>1,040,000</u>

No diluted loss per share for the current and prior period was presented as there were no potential ordinary shares in issue for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is one of the corporate healthcare solutions providers in Hong Kong for more than 20 years. We are principally engaged in the provision of medical and dental solutions to corporates and insurance companies through customised and different combination of medical and/or dental services. Currently, we operate two MediNet Centres, seven dental clinics and one DNA genetic laboratory centre in Hong Kong. In addition, the Group also established one dental clinic in Shenzhen (the “**Shenzhen Dental Clinic**”) in June 2018 in order to develop dental business in the People’s Republic of China (the “**PRC**”).

Besides, the Group changed the proposed use of proceeds from the listing of the Company’s shares on GEM (the “**Listing**”) to acquire the dental business (the “**Acquired Business**”) held by Master Clever Limited in July 2018, a company which is principally engaged in the business of operation of dental clinics for the provision of dental services including invisalign treatment, implant surgery, teeth whitening etc. Therefore, the Acquired Business boosted the revenue of dental services to self-paid patients for the three months ended 30 June 2019.

The Group’s revenue significantly increased by approximately 67.0% from approximately HK\$23.6 million for the three months ended 30 June 2018 to approximately HK\$39.4 million for the three months ended 30 June 2019 and net loss for the period also improved from approximately HK\$3.7 million for the three months ended 30 June 2018 to approximately HK\$1.8 million for the three months ended 30 June 2019. As the Shenzhen Dental Clinic is still at its early stage of development, there has been profit erosion but we are confident that the PRC business will perform well and will be able to generate returns in the future.

Going forward, our management team will further strengthen our efforts in the PRC business and foster our core business of the provision of medical and dental solutions and services in Hong Kong. We will not only continue to streamline our operation flow and manpower to achieve the 3Es (i.e. economy, efficiency and effectiveness) but also maximise the interest of our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue significantly increased by approximately 67.0% from approximately HK\$23.6 million for the three months ended 30 June 2018 to approximately HK\$39.4 million for the three months ended 30 June 2019. The following table sets forth a breakdown of the Group's revenue with comparative figures:

	Three months ended 30 June		Change %
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	
Medical solutions to contract customers	12,480	13,148	(5.1)%
Medical services to self-paid patients	6,541	4,993	31.0%
Dental solutions to contract customers	1,468	1,361	7.9%
Dental services to self-paid patients	18,918	4,097	361.8%
	<u>39,407</u>	<u>23,599</u>	

The revenue of medical solutions to contract customers slightly decreased by approximately 5.1% from approximately HK\$13.1 million for the three months ended 30 June 2018 to approximately HK\$12.5 million for three months ended 30 June 2019, primarily due to the decrease in the number of visits by patients to our affiliated doctors and affiliated auxiliary services providers.

The revenue of medical services to self-paid patients increased by approximately 31.0% from approximately HK\$5.0 million for three months ended 30 June 2018 to approximately HK\$6.5 million for three months ended 30 June 2019 primarily due to the increase in demand from self-paid patients for certain body check up, other testing procedures and vaccination services etc.

The revenue of dental solutions to contract customers increased by approximately 7.9% from approximately HK\$1.4 million for three months ended 30 June 2018 to approximately HK\$1.5 million for three months ended 30 June 2019, primarily due to the increase in the number of contract customers and individuals for dental solutions.

In particular, the revenue of dental services to self-paid patients increased significantly by approximately 361.8% from approximately HK\$4.1 million for three months ended 30 June 2018 to approximately HK\$18.9 million for three months ended 30 June 2019, which was primarily due to revenue generated from the Acquired Business and the establishment of the Shenzhen Dental Clinic.

Other income

Other income decreased by approximately 36.4% from approximately HK\$489,000 for the three months ended 30 June 2018 to approximately HK\$311,000 for the three months ended 30 June 2019, primarily due to a decrease interest income on loan receivables which were redeemed in July 2018 and bank interest income.

Other losses

Other losses decreased from approximately HK\$132,000 for the three months ended 30 June 2018 to nil, primarily due to the loss on write-off of fixed assets in April 2018.

Medical and dental professional services expenses

Medical and dental professional services expenses primarily comprises fees paid to (i) affiliated doctors and affiliated auxiliary services providers rendered through our MediNet Network; (ii) external dentists engaged by the Group; (iii) laboratories services; and (iv) the Group's doctors and dentist.

The Group's medical and dental professional services expenses increased by approximately 51.0% from approximately HK\$11.4 million for the three months ended 30 June 2018 to approximately HK\$17.2 million for the three months ended 30 June 2019 which was primarily due to the increase in aggregate amount paid to external and internal dentists of the Acquired Business and laboratories which was in line with the increase in demand from self-paid patient for certain body checkups and testing procedures.

Staff cost

Staff cost increased by approximately 26.0% from approximately HK\$8.1 million for the three months ended 30 June 2018 to approximately HK\$10.2 million for the three months ended 30 June 2019. The increase was mainly attributable by (i) annual increase in salaries for the staff; and (ii) the staff cost paid to the Acquired Business and the Shenzhen Dental Clinic.

Depreciation and amortisation

Depreciation and amortisation increased from approximately HK\$570,000 for the three months ended 30 June 2018 to approximately HK\$4.4 million for the three months ended 30 June 2019 primarily due to (i) consolidation of depreciation expense of the Acquired Business; (ii) adoption of new accounting standard HKFRS 16; and (iii) amortisation of the right to use trade name and customer who will continue to visit dental clinic for the dental services of the Acquired Business.

Cost of medical and dental supplies

Cost of medical and dental supplies significantly increased by approximately 435.0% from approximately HK\$817,000 for the three months ended 30 June 2018 to approximately HK\$4.4 million for the three months ended 30 June 2019, which was principally due to the increase in the amount of other medical and dental consumable such as drugs and medicine, vaccination and invisalign clear-aligner treatment for the provision of medical services and dental services to self-paid patients. Such increase was generally in line with the increase in revenue from medical services and dental services to self-paid patients.

Rental expenses

Due to the adoption of HKFRS 16 “Leases” effective from the annual periods beginning on 1 April 2019, the Group did not record rental expenses for the three months ended 30 June 2019. The Group has recorded depreciation of right-of-use assets and interest on lease liabilities amount to approximately HK\$3.1 million and 145,000 respectively for the three months ended 30 June 2019. Rental expenses of the Group for the three months ended 30 June 2018 was approximately HK\$2.7 million.

Other expenses

Other expenses increase by approximately 25.1% from approximately HK\$4.1 million for the three months ended 30 June 2018 to approximately HK\$5.2 million for the three months ended 30 June 2019, which was mainly due to the consolidation of other expenses of the Acquired Business and increase in cost of other general administrative and professional expenses.

Income tax expense

Income tax expense for the Group approximately nil for both three months ended 30 June 2018 and 2019 as there was no tax assessable income during both periods.

Loss and total comprehensive expense for the period

Due to the combined effect of the factors mentioned above, the Group recorded a loss and total comprehensive expense for the three months ended 30 June 2019 for approximately HK\$1.6 million which decreased by approximately HK\$2.1 million as compared with loss for the period of approximately HK\$3.7 million in the three months ended 30 June 2018.

The loss was primarily attributable to the combined effect of (i) the significant increase in revenue of approximately HK\$15.8 million for the three months ended 30 June 2019 which was offset by additional costs incurred on the development of the PRC market which mainly comprises staff costs, operating costs and administrative costs from the Shenzhen Dental Clinic; (ii) annual increase in salaries for the staff; and (iii) increase in costs of other general administrative and professional expenses.

DISCLOSURE OF INTERESTS

A. Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporation

As at 30 June 2019, the interests and short positions of the each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held (Note 1)	Approximate % of the Company's issued share capital
Mr. Chan Chi Wai Nelson	Interest of controlled company (Note 2)	585,000,000 (L)	56.25%
Ms. Jiang Jie	Interest of spouse (Note 3)	585,000,000 (L)	56.25%

Notes:

1. The letter “L” denotes to long position in the shares of the Company.
2. MediNet International Limited is wholly and beneficially owned by Mr. Chan Chi Wai Nelson (“**Mr. Chan**”). Therefore, Mr. Chan is deemed to be interested in the shares of the Company held by MediNet International Limited under Part XV of the SFO. Mr. Chan is the sole director of MediNet International Limited.
3. Ms. Jiang Jie (“**Ms. Jiang**”) is the spouse of Mr. Chan. Accordingly, Ms. Jiang is deemed to be interested in the shares of the Company in which Mr. Chan is deemed to be interested under Part XV of the SFO.

(b) Long position in the shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity/ Nature of interest	Number of shares held (Note 1)	Percentage of issued share capital
MediNet International Limited (Note 2)	Mr. Chan	Beneficial owner	5 (L)	100%
MediNet International Limited (Note 2)	Ms. Jiang	Interest of spouse (Note 3)	5 (L)	100%

Notes:

1. The letter “L” denotes to the long position in the shares of the Company.
2. The entire issued share capital of MediNet International Limited is legally and beneficially owned by Mr. Chan.
3. Ms. Jiang is the spouse of Mr. Chan. Ms. Jiang is deemed to be interested in all the shares in which Mr. Chan is interested under Part XV of the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors nor chief executive of the Company has registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial shareholders' and other persons' interests and short positions in shares, underlying shares and debentures of the Company

As at 30 June 2019, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interest or short positions in the shares or underlying shares of the Company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of the Company's issued share capital
Medinet International Limited	Beneficial owner (Note 2)	585,000,000 (L)	56.25%
NSD Capital Limited ("NSD Capital")	Beneficial owner (Note 3)	195,000,000 (L)	18.75%
Convoy Asset Management Limited ("CAM")	Interest of a controlled corporation (Note 3)	195,000,000 (L)	18.75%
Favour Sino Holdings Limited ("Favour Sino")	Interest of a controlled corporation (Note 3)	195,000,000 (L)	18.75%
Convoy (BVI) Limited ("Convoy (BVI)")	Interest of a controlled corporation (Note 3)	195,000,000 (L)	18.75%
Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) ("Convoy Global")	Interest of a controlled corporation (Note 3)	195,000,000 (L)	18.75%

Notes:

1. The letter "L" denotes to long position in the shares of the Company.
2. Medinet International Limited is wholly and beneficially owned by Mr. Chan. Therefore, Mr. Chan is deemed to be interested in the shares of the Company held by Medinet International Limited under Part XV of the SFO. Mr. Chan is the sole director of Medinet International Limited.
3. NSD Capital is an exempted company incorporated in the Cayman Islands with limited liability, the management shares of which are wholly-owned by CAM, a wholly-owned subsidiary of Favour Sino. Favour Sino is a wholly-owned subsidiary of Convoy (BVI), which is a wholly-owned subsidiary of Convoy Global (a company listed on the Main Board of the Stock Exchange (stock code: 1019)). Therefore, each of CAM, Favour Sino, Convoy (BVI) and Convoy Global is deemed to be interested in the Shares held by NSD Capital under the SFO.

Save as disclosed above, as at 30 June 2019, none of the substantial shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "A Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the Controlling Shareholder nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2019.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2019.

CORPORATE GOVERNANCE CODE

Pursuant to the code provision A.2.1 of the Corporate Governance Code (the "**CG Code**"), as set out in Appendix 15 of the GEM Listing Rules, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Chan currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

As at 30 June 2019, save as disclosed above, the Company has complied with the applicable code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") on terms no less exacting than the required standards of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Model Code during the three months ended 30 June 2019.

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2019.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the internal control and risk management systems, the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report, interim report and quarterly reports before submission to the Board. The Audit Committee consists of three members, namely Dr. Lieu Geoffrey Sek Yiu, Mr. Leung Po Hon and Mr. Wong Wai Leung, all being independent non-executive Directors. Mr. Leung Po Hon currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2019.

By order of the Board
MediNet Group Limited
Chan Chi Wai Nelson
Chairman and Executive Director

Hong Kong, 14 August 2019

As at the date of this announcement, the executive Directors are Mr. Chan Chi Wai Nelson and Ms. Jiang Jie; and the independent non-executive Directors are Dr. Lieu Geoffrey Sek Yiu, Mr. Leung Po Hon and Mr. Wong Wai Leung.