

*Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **MediNet Group Limited**

**醫匯集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8161)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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.**

*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 Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk), and in the case of the announcement, on the “Latest Company Announcements” page for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at [www.MediNetGroup.com](http://www.MediNetGroup.com).*

## FINANCIAL HIGHLIGHTS

### For the year ended 31 March 2016

- The revenue of the Company and its subsidiaries (collectively the “**Group**”) amounted to approximately HK\$92.6 million for the year ended 31 March 2016, representing an increase of approximately HK\$5.6 million or 6.5% as compared with the year ended 31 March 2015.
- The loss for the year of the Group is approximately HK\$2.3 million for the year ended 31 March 2016, representing a decrease of approximately HK\$12.8 million as compared to the profit for the year ended 31 March 2015 mainly due to the listing expenses of approximately HK\$10.4 million incurred during the year ended 31 March 2016. Excluding the one-off listing expenses of the Group of approximately HK\$10.4 million, profit for the year ended 31 March 2016 would reach approximately HK\$8.2 million.
- A final dividend for the year ended 31 March 2016 of HK0.12 cent per share has been proposed by the Board and is subject to the approval by the shareholders in the forthcoming annual general meeting.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the audited consolidated results of the Group for the financial year ended 31 March 2016 (“**FY2015/16**”) together with the comparative figures for the financial year ended 31 March 2015 (“**FY2014/15**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2016*

	<i>NOTES</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	4	<b>92,576</b>	86,933
Other income		<b>2,262</b>	2,234
Other gains and losses		<b>(1,301)</b>	717
Medical and dental professional services expenses		<b>(44,803)</b>	(37,960)
Staff costs		<b>(19,496)</b>	(19,637)
Depreciation of property, plant and equipment		<b>(2,224)</b>	(3,656)
Cost of medical and dental supplies		<b>(2,900)</b>	(3,320)
Rental expenses		<b>(4,395)</b>	(4,323)
Other expenses		<b>(8,684)</b>	(6,994)
Finance costs		<b>(534)</b>	(958)
Listing expenses		<b>(10,443)</b>	(300)
Profit before taxation		<b>58</b>	12,736
Income tax expense	5	<b>(2,314)</b>	(2,187)
(Loss) profit for the year		<b>(2,256)</b>	10,549
Other comprehensive income (expense)			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Surplus on revaluation of a land and building		<b>1,652</b>	9,031
Deferred tax arising from revaluation of a land and building		<b>–</b>	(1,340)
Other comprehensive income for the year		<b>1,652</b>	7,691
Total comprehensive (expense) income for the year attributable to owners of the Company		<b>(604)</b>	18,240
(Loss) earnings per share — Basic (Hong Kong cents)	7	<b>(0.29)</b>	1.35

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2016**

	<i>NOTES</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<b>1,896</b>	85,515
Rental deposits		<b>652</b>	883
Deferred tax assets		<b>83</b>	31
		<u><b>2,631</b></u>	<u>86,429</u>
Current assets			
Inventories		<b>504</b>	–
Held-for-trading investments		<b>3,413</b>	4,583
Accounts and other receivables	8	<b>18,133</b>	12,143
Amount due from a director		<b>660</b>	–
Amounts due from related parties		<b>352</b>	19,394
Bank balances and cash		<b>22,054</b>	10,525
		<u><b>45,116</b></u>	<u>46,645</u>
Current liabilities			
Accounts and other payables	9	<b>24,550</b>	18,972
Amount due to a director		–	1,496
Amount due to a related party		–	522
Bank borrowings		–	19,136
Obligation under a finance lease		–	88
Taxation payable		<b>602</b>	911
		<u><b>25,152</b></u>	<u>41,125</u>
Net current assets		<u><b>19,964</b></u>	<u>5,520</u>
Total assets less current liabilities		<u><b>22,595</b></u>	<u>91,949</u>
Non-current liabilities			
Bank borrowings		–	17,902
Deferred tax liabilities		<b>1</b>	8,032
		<u><b>1</b></u>	<u>25,934</u>
Net assets		<u><b>22,594</b></u>	<u>66,015</u>
Capital and reserves			
Share capital		– <sup>+</sup>	20,510
Reserves		<b>22,594</b>	45,505
Total equity		<u><b>22,594</b></u>	<u>66,015</u>

<sup>+</sup> Less than HK\$1,000.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE YEAR ENDED 31 MARCH 2016*

#### **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 since 31 May 2016. The addresses of the registered office and principal place of business of the Company are disclosed in the corporation information section of the annual report. The Company's immediate and ultimate holding company is Medinet International Limited, a company incorporated in the British Virgin Islands ("BVI") which is controlled by Mr. Chan Chi Wai, Nelson ("Mr. Chan").

The Company acts as an investment holding company.

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

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

Historically, all the entities comprising the Group were controlled by Mr. Chan and held by him directly or indirectly. In preparation for the listing of the Company's shares on the Stock Exchange, the entities now comprising the Group underwent a group reorganisation (the "Reorganisation") to enable the Company to become the holding company of the Group which involves the principle steps of the Reorganisation.

After the Reorganisation, the Company became the holding company of the companies now comprising the Group on 11 November 2015. The Company and its subsidiaries have been under the common control of Mr. Chan throughout the year ended 31 March 2015 or since their respective date of incorporation, where there is a shorter period. The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on the basis as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows which include the results, changes in equity and cash flows of the companies now comprising the Group for the years ended 31 March 2015 and 2016 have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 March 2015 and 2016, or since the respective date of incorporation of the relevant entity where this is a shorter period.

The consolidated statement of financial position as at 31 March 2015 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date, taking into account the respective date of incorporation of the relevant entity.

### 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has consistently adopted all HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for annual periods beginning on 1 April 2015 for both current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

The Directors anticipate that the application of HKFRS 9 and HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 and HKFRS 15 until a detailed review has been completed.

The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group’s result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group’s financial position and financial performance.

#### 4. REVENUE AND SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of service provided. The Group’s operating segments are classified as (i) dental solutions and dental services; and (ii) medical solutions and medical services which based on the nature of the operations carried out by the Group. The details of the Group’s operating segments are as follows:

- |   |   |
|---|---|
| (i) Dental solutions and dental services    | Provision of dental solutions and dental services by dental clinics owned and operated by the Group   |
| (ii) Medical solutions and medical services | Provision of medical solutions and operation of medical centres offering outpatient general services and men’s health treatments through (a) medical centres owned and operated by the Group, or (b) medical centres and auxiliary services providers not owned nor operated by the Group but agreed to provide various medical services to the contract customers of the Group |

These operating segments also represent the Group’s reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

##### Segment revenues and results

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

##### Year ended 31 March 2016

	<b>Dental solutions and dental services</b>	<b>Medical solutions and medical services</b>	<b>Segment total</b>	<b>Eliminations</b>	<b>Total</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>SEGMENT REVENUE</b>					
External revenue	23,951	68,625	92,576	–	92,576
Inter-segment revenue	581	–	581	(581)	–
Segment revenue	<u>24,532</u>	<u>68,625</u>	<u>93,157</u>	<u>(581)</u>	<u>92,576</u>
Segment profit	<u>2,640</u>	<u>9,900</u>	<u>12,540</u>		12,540
Unallocated expenses					(2,318)
Unallocated income					2,114
Unallocated loss					(1,301)
Finance costs					(534)
Listing expenses					<u>(10,443)</u>
Profit before taxation					<u>58</u>
<b>OTHER SEGMENT INFORMATION</b>					
Amounts included in the measure of segment profit or loss:					
Depreciation	<u>502</u>	<u>839</u>	<u>1,341</u>		<u>1,341</u>

**Year ended 31 March 2015**

	Dental solutions and dental services <i>HK\$'000</i>	Medical solutions and medical services <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>SEGMENT REVENUE</b>					
External revenue	25,478	61,455	86,933	–	86,933
Inter-segment revenue	<u>792</u>	<u>–</u>	<u>792</u>	<u>(792)</u>	<u>–</u>
Segment revenue	<u>26,270</u>	<u>61,455</u>	<u>87,725</u>	<u>(792)</u>	<u>86,933</u>
Segment profit	<u>5,217</u>	<u>9,025</u>	<u>14,242</u>		14,242
Unallocated expenses					(3,051)
Unallocated income					2,086
Unallocated gain					717
Finance costs					(958)
Listing expenses					<u>(300)</u>
Profit before taxation					<u>12,736</u>
<b>OTHER SEGMENT INFORMATION</b>					
Amounts included in the measure of segment profit or loss:					
Depreciation	<u>606</u>	<u>821</u>	<u>1,427</u>		<u>1,427</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, income and gain/loss mainly including certain depreciation, general office expenses, listing expenses, other service income, dividend income, interest income, other gains or losses, finance costs and income tax expense. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are priced with reference to prices charged to external parties for similar services.

**Segment assets and liabilities**

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

The following is an analysis of the Group's revenue by type of services:

**Revenue from type of services**

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:		
Medical services	<b>53,395</b>	48,313
Dental services	<b>7,839</b>	7,194
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	<b>15,230</b>	13,142
Dental services	<b>16,112</b>	18,284
	<b>92,576</b>	86,933

**Geographical information**

The Group's operations are located in Hong Kong. All of the Group's revenue from external customers based on the location of the Group's operations is from Hong Kong.

As the Group's operation and markets are all located in Hong Kong, the non-current assets are situated in Hong Kong accordingly.

**5. INCOME TAX EXPENSE**

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax	<b>2,230</b>	1,961
Overprovision in prior year	<b>(11)</b>	—
	<b>2,219</b>	1,961
Deferred tax	<b>95</b>	226
	<b>2,314</b>	2,187

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

## 6. DIVIDENDS

The final dividend of HK0.12 cent per share based on 1,040,000,000 ordinary shares amounting to approximately HK\$1,287,000 in respect of the year ended 31 March 2016 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed final dividend is not recognised as a liability in these consolidated financial statements.

On 2 October 2015, the Hong Kong Subsidiaries declared an interim dividend in an aggregate amount of HK\$51,000,000 to their then shareholder.

## 7. (LOSS) EARNINGS PER SHARE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share for the year	<u>(2,256)</u>	<u>10,549</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<u>780,000</u>	<u>780,000</u>

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2014.

No diluted (loss) earnings per share for the current and prior year was presented as there were no potential ordinary shares in issue.

## 8. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts receivables	9,598	10,238
Other receivables		
— Other receivables	4,199	1,557
— Prepayments	3,465	246
— Rental and utility deposits	<u>1,523</u>	<u>985</u>
Total accounts and other receivables	18,785	13,026
Less: Receivables within twelve months shown under current assets	<u>(18,133)</u>	<u>(12,143)</u>
Rental deposits shown under non-current assets	<u>652</u>	<u>883</u>

The customers of the Group would usually settle payments by cash, credit cards and Easy Pay System (“EPS”). For credit card and EPS payments, the banks will normally settle the amounts a few days after the trade date. Payments by customers using medical cards will normally be settled by the medical card issuing companies or banks within 60 to 90 days from the invoice dates.

The following is an aged analysis of accounts receivables based on the invoice date:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<b>4,092</b>	5,555
31 to 60 days	<b>3,615</b>	2,566
61 to 90 days	<b>1,046</b>	1,641
91 to 180 days	<b>845</b>	476
	<u><b>9,598</b></u>	<u>10,238</u>

## 9. ACCOUNTS AND OTHER PAYABLES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts payables	<b>9,032</b>	11,127
Other payables	<b>925</b>	367
Receipt in advance	<b>9,534</b>	5,196
Accrued expenses	<b>5,059</b>	2,282
	<u><b>24,550</b></u>	<u>18,972</u>

The credit period of accounts payables is from 30 to 120 days.

The following is an aged analysis of accounts payables based on the invoice date at the end of each year.

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<b>3,479</b>	2,997
31 to 60 days	<b>2,889</b>	2,573
61 to 90 days	<b>2,485</b>	3,003
91 to 180 days	<b>179</b>	2,554
	<u><b>9,032</b></u>	<u>11,127</u>

## 10. EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to written resolutions of the Company's shareholders dated 19 May 2016, (i) the authorised share capital of the Company was increased from HK\$390,000 to HK\$50,000,000 by the creation of an additional 4,961,000,000 shares of HK\$0.01 each to rank pari passu with the then existing shares in all respects; (ii) conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the placing, the Directors are authorised to allot and issue a total of 779,999,900 shares, by way of capitalisation of the sum of approximately HK\$7,799,999 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders on the register of members of the Company at the close business on 19 May 2016.
- (b) On 31 May 2016, 260,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.27 by way of placement. On the same date, the Company's shares were listed on the GEM of the Stock Exchange. The proceeds of HK\$2,600,000 representing the par value of the shares of the Company, were credited to the Company's share capital and the remaining proceeds of HK\$67,600,000, before issuing expenses, were credited to share premium account.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of corporate medical and dental solutions to contract customers (which mainly comprise insurance companies and corporations in terms of revenue) through (i) the design and administration of tailored medical and/or dental benefits plans for the contract customers and the provision of different combinations of medical and/or dental services through the MediNet Network to the plan members (including members and employees of contract customers); and (ii) the operation of MediNet Centres and Dental Clinics offering services to both plan members and self-paid patients (which generally refer to patients who visit the MediNet Centres and/or Dental Clinics and pay out of their own expenses).

The MediNet Network comprised more than 400 points of services across Hong Kong, including the MediNet Centres and Dental Clinics, as well as the affiliated clinics and affiliated auxiliary services providers at which a range of medical and dental services are provided by doctors, dentists, dental hygienists, affiliated services providers and other medical and dental professionals. The Group's competitive strengths include (i) well established presence in the corporate medical solutions industry in Hong Kong and well-established MediNet Network; (ii) the long-term rapport with major customers and suppliers and (iii) the experienced and dedicated management team of the Group. Throughout its operating history, the Directors believe that the Group has established a strong presence in the corporate medical solutions industry in Hong Kong which may give it an advantage in terms of maintaining existing contract customers and securing new business opportunities.

The listing of the Company (the "**Listing**") provided additional capital to the Group to implement the corporate plans as set out in the prospectus of the Company dated 24 May 2016 (the "**Prospectus**"). Furthermore, the Listing also strengthened the financial position and enhanced the competitiveness of the Group.

Looking forward, the Directors consider that the future opportunities and challenges of the Group will be related to the macroeconomic environment which affects the demand for secondary dental services in Hong Kong as well as the potential rising of operating costs. The Directors believe that the Group will benefit from certain industry drivers, including but not limited to (i) increasing average life expectancy and aging population in Hong Kong; (ii) increasing demand from patients due to increasing health awareness and subsidies from the government; and (iii) higher demand for corporate medical solutions services in Hong Kong due to increasing number of companies and more regional offices set up by multinational companies.

With the Group's experienced management team and reputation in the market, the Directors believe that the Group is well-positioned to compete against the competitors under such future challenges that commonly faced by all market players. As mentioned above, the Group will continue to pursue the strategies to further strengthen the Group's position as an established service provider in the medical and dental industry in Hong Kong.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased from approximately HK\$86.9 million for FY2014/15 to approximately HK\$92.6 million for FY2015/16, representing a growth of approximately 6.5%. The increase was mainly attributable to an increase in the medical solutions and dental solutions to contract customers and medical services to self-paid patients. The following table sets forth a breakdown of the Group's revenue during FY2014/15 and FY2015/16:

	FY2014/15		FY2015/16	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Medical solutions to contract customers	48,313	55.6	<b>53,395</b>	<b>57.7</b>
Medical services to self-paid patients	13,142	15.1	<b>15,230</b>	<b>16.5</b>
Dental solutions to contract customers	7,194	8.3	<b>7,839</b>	<b>8.5</b>
Dental services to self-paid patients	18,284	21.0	<b>16,112</b>	<b>17.3</b>
	<u>86,933</u>	<u>100.0</u>	<u><b>92,576</b></u>	<u><b>100.0</b></u>

### Other income

Other income slightly increased approximately 1.3% from approximately HK\$2.2 million for FY2014/15 to approximately HK\$2.3 million for FY2015/16, primarily due to an increase in other services income which included commission income from laboratory and other healthcare services providers and dividend income derived from listed equity securities in Hong Kong.

### Other gains and losses

Other gain and losses turned from a gain of approximately HK\$0.7 million for FY2014/15 to a loss of approximately HK\$1.3 million, primarily due to (i) a decrease in the fair value of the Group's held-for-trading investments (being listed equity securities in Hong Kong) as a result of the general downturn of the financial markets; and (ii) an increase in loss on written off of property, plant and equipment during FY2015/16.

## Medical and dental professional services expenses

The Group's medical and dental professional services expenses increased by approximately 18.0% from approximately HK\$38.0 million for FY2014/15 to approximately HK\$44.8 million for FY2015/16, mainly as a result of the combined effect of the following:

- (i) The aggregate amount of fees to affiliated doctors and affiliated auxiliary services providers and reimbursements to plan members of the Group's contract customers amounted to approximately HK\$32.9 million for FY2014/15 and approximately HK\$34.6 million for FY2015/16, representing an increase of approximately 5.2%. Such increase was mainly due to an increase in the amount of medical services received by plan members through the MediNet Network or reimbursed by us as a result of an increase in the Group's active member of contract customers. The approximately 5.2% increase in the aggregate amount of fees to affiliated doctors and affiliated auxiliary services providers and reimbursements to plan members was also generally in line with the approximately 10.5% increase in the Group's revenue from the provision of medical solutions to contract customers during the period.
- (ii) Fees for engaging external dentists increased by approximately 22.2% from approximately HK\$1.8 million for FY2014/15 to approximately HK\$2.2 million for FY2015/16 as the Group experienced an increase in demand from self-paid patients for certain secondary dental care services which required the expertise of external dentists specialised in those areas to carry out.
- (iii) Laboratory charges increased by approximately 100% from approximately HK\$3.2 million for FY2014/15 to approximately HK\$6.4 million for FY2015/16 as the Group experienced an increase in demand from self-paid patients for medical services offered at the MediNet Centres including health assessment services as well as dental services offered at the Dental Clinics, resulting in an increase in the Group's demand for laboratory testing services.
- (iv) Fees to the Group's doctors increased from nil for FY2014/15 to HK\$1.6 million for FY2015/16 due to the changes in employment arrangements between the Group and the Group's doctors pursuant to the MediNet Doctor Agreement effective from 1 November 2015, as defined in the Prospectus. Therefore fees to the Group's doctors were recognised in "Staff cost" and "Medical and dental professional services expenses" before and after such effective date respectively.

## **Staff cost**

Staff cost slightly decreased by approximately 0.7% from approximately HK\$19.6 million for FY2014/15 to approximately HK\$19.5 million for FY2015/16. Due to the changes in employment arrangements between the Group and the Group's doctors pursuant to the MediNet Doctor Agreement effective from 1 November 2015 as discussed above. As a result, fees to the Group's doctors were recognised in "Staff cost" and "Medical and dental professional services expenses" before and after such effective date respectively. If the Group's doctors fee of HK\$1.6 million had been recognised under staff cost, then the staff cost will have increased by approximately HK\$1.5 million, primarily due to a general increase in salaries for the staff during the year.

## **Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment decreased by approximately 39.2% from approximately HK\$3.7 million for FY2014/15 to approximately HK\$2.2 million for FY2015/16, primarily as a result of the decrease of the carrying amount of property, plant and equipment from approximately HK\$85.5 million as at 31 March 2015 to approximately HK\$1.9 million as at 31 March 2016 due to the disposal of a leasehold property which was completed on 15 October 2015, details of which have been discussed in the Prospectus.

## **Cost of medical and dental supplies**

Cost of medical and dental supplies decreased by approximately 12.7% from approximately HK\$3.3 million for FY2014/15 to approximately HK\$2.9 million for FY2015/16 due to inventories being capitalised increased from nil as at 31 March 2015 to HK\$0.5 million as at 31 March 2016, therefore such amounts for the both periods remained stable.

## **Rental expenses**

Rental expenses increased by approximately 1.7% from approximately HK\$4.3 million for FY2014/15 to approximately HK\$4.4 million for FY2015/16, mainly due to increase in rental expenses for the Tsim Sha Tsui MediNet Centre, office and Central Dental Clinic as a result of renewal of the respective tenancy agreements during FY2015/16 with increases in rental charges.

## **Other expenses**

Other expenses increased by 24.2% from approximately HK\$7.0 million for FY2014/15 to approximately HK\$8.7 million for FY2015/16, primarily due to an increase in auditor's remuneration, fee to external websites for the Group's business development initiatives and an increase in other general administrative expenses as a result of the increased miscellaneous expenses for the Listing.

## **Finance costs**

Finance costs decreased by approximately 44.3% from approximately HK\$1.0 million for FY2014/15 to approximately HK\$0.5 million for FY2015/16, mainly due to the decreasing principal amounts of the mortgage loan and finance lease obligation over time after each monthly repayment, coupled with the relatively stable interest rates during the periods.

### **Listing expenses**

For FY2015/16, the Group recognised non-recurring listing expenses of approximately HK\$10.4 million (FY2014/15: HK\$0.3 million) as expenses in connection with the Listing.

### **Income tax expenses**

Income tax expenses increased from approximately HK\$2.2 million for FY2014/15 to approximately HK\$2.3 million for FY2015/16, mainly due to the effect of non-deductible expenses, e.g. the listing expenses.

### **Profit/(loss) and total comprehensive income/(loss) for the year**

Due to the combined effect of the factors mentioned above including in particular the recognition of significant non-recurring listing expenses of approximately HK\$10.4 million for FY2015/16, the Group recorded a loss for the year of approximately HK\$2.3 million, which significantly decreased by approximately HK\$12.8 million as compared with profit for the year of approximately HK\$10.5 million in FY2014/15. If the listing expenses of approximately HK\$10.4 million were excluded, the Group would have recorded a profit for the year of approximately HK\$8.2 million for FY2015/16 which was slightly lower than the profit for the year of approximately HK\$10.5 million for FY2014/15, mainly due to (i) increase in revenue of approximately HK\$5.6 million for the FY2015/16 as compared to the respective period for FY2014/15 as a result of the increase in revenue generated from the provision of medical solutions and partially offset by (ii) the recognition of other losses of approximately HK\$1.3 million for FY2015/16 due to the decrease in the fair value of held-for-trading listed equity securities (as opposed to other gains of approximately HK\$0.7 million for FY2014/15) as a result of the general downturn of the financial markets during the FY2015/16; and (iii) the relatively moderate increase in medical and dental professional services, staff cost and other expenses for FY2015/16 as compared to the respective period in 2014/15.

### **Liquidity and financial resources**

As at 31 March 2016, the Group had total assets of approximately HK\$47.7 million (2015: approximately HK\$133.1 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$25.2 million (2015: approximately HK\$67.1 million) and approximately HK\$22.6 million (2015: approximately HK\$66.0 million), respectively.

The total interest-bearing loans and borrowings of the Group as at 31 March 2016 were nil (2015: approximately HK\$37.0 million), and current ratio as at 31 March 2016 was approximately 1.8 times (2015: approximately 1.1 times).

## **Gearing ratio**

The gearing ratio of the Group as of 31 March 2016 was nil (2015: approximately 59.3%), which remained low as the Group was not in need of any material debt financing during FY2015/16.

The gearing ratio is calculated based on total debts divided by the total equity as at the respective reporting dates.

## **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2015/16. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **Pledge of assets**

The Group had a leasehold property with the carrying amount of HK\$81,600,000 pledged to secure the bank borrowings of the Group during FY 2014/15 and FY2015/16. As at 31 March 2016, the pledge was released upon the completion of disposal of the leasehold property.

## **Foreign exchange exposure**

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the presentation currency of the Group. For FY2015/16, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

## **Capital structure**

The shares of the Company were successfully listed on the GEM Board of the Stock Exchange on 31 May 2016. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2016, the Company's issued share capital was HK\$1 and the number of its issued ordinary shares was 100 of HK\$0.01 each.

## **Commitments**

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$6.4 million as at 31 March 2016 (2015: approximately HK\$4.7 million). As at 31 March 2016, the Group did not have any capital commitment.

## **Segment information**

Segmental information is presented for the Group as disclosed in note 4 to the consolidated financial statements in this announcement.

## **Future plans for material investments and capital assets**

Saved as disclosed in the Prospectus and in this announcement, the Group did not have other plans and material investments or capital assets as of 31 March 2016.

## **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

During the financial year ended 31 March 2016, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the Reorganisation (as defined under note 2 to the consolidated financial statements in this announcement).

## **Contingent liabilities**

As at 31 March 2016, the Group did not have any material contingent liabilities (2015: Nil).

## **Significant investments held**

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2016.

The Company was successfully listed on GEM on the Listing Date by way of the Placing of a total of 260,000,000 new shares in the Company at the placing price of HK\$0.27 each and the net proceeds raised from the Placing were about HK\$47.4 million after deducting the listing-related expenses.

As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the unutilised proceeds were placed with banks in Hong Kong as short-term deposits.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had a total of 68 employees, the table below is a breakdown of the number of employees by functions as at 31 March 2015 and 31 March 2016:

	<b>As at</b>	
	2015	2016
Directors and senior management	6	<b>6</b>
Dental Clinics operation:		
— Dentists	10	<b>10</b>
— Dental Hygienists	4	<b>3</b>
— Dental Nurse	12	<b>14</b>
— Other supporting staff	12	<b>12</b>
MediNet Centres operation:		
— MediNet Doctors ( <i>Note 1</i> )	3	—
— Nurses	6	<b>7</b>
— Other supporting staff	3	<b>3</b>
Other supporting staff ( <i>Note 2</i> )	10	<b>15</b>
	<hr/>	<hr/>
Total ( <i>Note 3</i> )	64	<b>68</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note 1:* Effective from 1 November 2015, the Group ceased to directly employ the Group's doctors and have instead entered into a MediNet Doctor Agreement with each of three doctors.

*Note 2:* Other supporting staff include human resources, administration, accounting, information technology and other back-office supporting staff

*Note 3:* The number of employees in each category does not add up to the total number because 2 of the Group's employees, who were senior management and the Group's Dentists, were included in both categories "Director and senior management" and "Dentists".

The Group remunerates its employees based on their qualification, position, experience, performance and seniority. In addition to salaries, the Group's Dentists are also entitled to commission incomes which are determined based on certain agreed percentages of the fees or certain fixed amounts for certain types of dental services provided. Their remuneration package are normally renewed on annual basis based on performance appraisals and other relevant factors.

The Group established the remuneration committee on 19 May 2016 with written terms of reference in compliance with Appendix 15 to the GEM Listing Rules and will regularly review and recommend to the Board from time to time the remuneration and compensation of the Directors and senior management of the Group.

## **Use of proceeds and future plans**

The Company was successfully listed on GEM on the Listing Date by way of the Placing of a total of 260,000,000 new shares in the Company at the placing price of HK\$0.27 each and the net proceeds raised from the Placing were about HK\$47.4 million after deducting the listing-related expenses.

In line with that disclosed in the Prospectus, the Company intends to apply the net proceeds raised from the Placing as mainly to (i) approximately HK\$12.4 million or 26.2% of the net proceeds for expansion the MediNet Centre and Dental Clinic in Central and Dental Clinic in Tsim Sha Tsui to lease suitable and larger premises in Central and Tsim Sha Tsui for relocation. The Group also intends to identify and recruit additional qualified and skilled personnel to join the team of professional doctors, dentists, dental hygienists and other medical and dental professional staff; (ii) approximately HK\$34.2 million or 72.2% to purchase a property in Causeway Bay for relocating its current Dental Clinic in Causeway Bay.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the unutilised proceeds were placed with banks in Hong Kong as short-term deposits.

## **DIVIDEND**

The Board recommends the payment of a final dividend of HK0.12 cent per share of the Company for the year ended 31 March 2016, to the shareholders of the Company whose names are on the register of members on 22 August 2016, subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on 12 August 2016 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting is scheduled for 12 August 2016. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from 10 August 2016 to 12 August 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 August 2016.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the annual general meeting. The record date for entitlement to the proposed final dividend is 22 August 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 18 August 2016 to 22 August 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on 17 August 2016. The payment of final dividend will be made on or about 2 September 2016.

## **CORPORATE GOVERNANCE PRACTICE**

The Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of shareholders of the Company and other stakeholders and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Chi Wai Nelson is the chairman of the Board and also an executive director who is responsible under the immediate authority of the Board of the conduct of the business of the Group and is therefore the chief executive for the purpose of the GEM Listing Rules.

Mr. Chan has been managing the Group's business and the overall financial and strategic planning since 1994. The Board believes that the vesting of the roles of Chairman and Chief executive in Mr. Chan is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represents more than half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its Chairman and chief executive as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code for the period from the date of Listing to the report date.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings regarding directors' securities transactions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Among other things, the Company periodically issues notices to the Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards of dealings from the Listing Date up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Since the shares of the Company was listed on the GEM Board on 31 May 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2016.

## **AUDIT COMMITTEE**

The Company established an audit committee on 19 May 2016 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraphs C3.3 and C3.7 of the Code. The primary responsibilities of the audit committee are to supervise the Group's internal control, financial information disclosure and financial reporting matters. At present, the audit committee of the Company consists of Mr. Leung Po Hon, Dr. Lieu Geoffrey Sek Yiu and Mr. Wong Wai Leung. The Chairman of audit committee is Mr. Leung Po Hon, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The audit committee has reviewed the audited annual results of the Company for the year ended 31 March 2016 and made recommendations and advice.

## **EVENT AFTER THE REPORTING PERIOD**

Saved as disclosed elsewhere in this announcement, no significant events have taken place subsequent to 31 March 2016 and up to the date of this announcement.

## **APPRECIATION**

The Board would like to extend its sincere thanks to the shareholders of the Company, business partners and customers of the Group for their utmost support to the Group. The Board would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By order of the Board  
**MediNet Group Limited**  
**Chan Chi Wai, Nelson**  
*Chairman*

Hong Kong, Tuesday 28 June 2016

*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.*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), and in the case of the announcement, on the "Latest Company Announcements" page for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at [www.MediNetGroup.com](http://www.MediNetGroup.com).*