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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 2017

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 and its subsidiaries. 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 Company and its subsidiaries (collectively the “**Group**”) amounted to approximately HK\$24.5 million for the three months ended 30 June 2017, representing a decrease of approximately HK\$1.1 million or approximately 4.2% as compared with the three months ended 30 June 2016.
- The loss for the period of the Group is approximately HK\$1.5 million for the three months ended 30 June 2017, representing a decrease in loss of approximately HK\$377,000 or approximately 19.6% as compared with the three months ended 30 June 2016.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2017.

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2017, together with the unaudited comparative figures for the corresponding period in 2016, as follows:

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

For the three months ended 30 June 2017

		Three months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	24,487	25,569
Other income		321	83
Other gains and losses		(234)	114
Medical and dental professional services expenses		(11,886)	(12,272)
Staff costs		(7,335)	(5,589)
Depreciation of property, plant and equipment		(380)	(274)
Cost of medical and dental supplies		(976)	(1,009)
Rental expenses		(2,080)	(1,389)
Other expenses		(3,152)	(2,581)
Listing expenses		–	(4,190)
		<hr/>	<hr/>
Loss before taxation		(1,235)	(1,538)
Income tax expense	4	(314)	(388)
		<hr/>	<hr/>
Loss and total comprehensive expense for the period		(1,549)	(1,926)
		<hr/>	<hr/>
Loss per share — Basic (Hong Kong cents)	6	(0.15)	(0.19)
		<hr/> <hr/>	<hr/> <hr/>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

For the three months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note a)	Special reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Subtotal HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	- ⁺	-	(1,253)	20,515	3,332	22,594	-	22,594
Loss and total comprehensive expense for the period	-	-	-	-	(1,926)	(1,926)	-	(1,926)
Capitalisation issue (note b)	7,800	(7,800)	-	-	-	-	-	-
Issue of new shares (note c)	2,600	67,600	-	-	-	70,200	-	70,200
Transaction cost attributable to issued shares	-	(7,947)	-	-	-	(7,947)	-	(7,947)
At 30 June 2016 (unaudited)	<u>10,400</u>	<u>51,853</u>	<u>(1,253)</u>	<u>20,515</u>	<u>1,406</u>	<u>82,921</u>	<u>-</u>	<u>82,921</u>
At 1 April 2017 (audited)	10,400	51,853	(1,253)	20,515	(2,177)	79,338	(237)	79,101
Loss and total comprehensive expense for the period	-	-	-	-	(1,549)	(1,549)	-	(1,549)
Disposal of a subsidiary	-	-	-	-	-	-	237	237
At 30 June 2017 (unaudited)	<u>10,400</u>	<u>51,853</u>	<u>(1,253)</u>	<u>20,515</u>	<u>(3,726)</u>	<u>77,789</u>	<u>-</u>	<u>77,789</u>

+ Less than HK\$1,000

Notes:

- (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 (“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.
- (b) Pursuant to the written resolutions passed by the shareholders of the Company on 19 May 2016, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the placing as described as (c) below, the directors of the Company were authorised to capitalise the amount of approximately HK\$7,800,000 from the amount standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 779,999,900 ordinary shares of HK\$0.01 each for allotment and issue to the persons whose names appeared on the register of members of the Company at the close of business on 19 May 2016 in proportion (or as nearly as possible without fractions) to their then respective shareholdings of the Company (the “Capitalisation Issue”).
- (c) On 31 May 2016, the Company placed 260,000,000 new shares at HK\$0.27 per share for a total gross proceeds of HK\$70,200,000. 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 of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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 and the shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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 (“Medinet International”), a company incorporated in the British Virgin Islands (“BVI”) 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 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 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three-month period ended 30 June 2017 and 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable 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 2017, except for the adoption of the amendments to HKFRSs that have become effective for its accounting period beginning on 1 April 2017.

The adoption of the amendments to HKFRSs has no significant effect on these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current accounting period of the Group.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

3. REVENUE

	Three months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:		
Medical services	13,686	14,294
Dental services	1,539	2,350
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	3,905	4,674
Dental services	5,357	4,251
	24,487	25,569

4. INCOME TAX EXPENSE

	Three months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	314	391
Deferred tax	–	(3)
	314	388

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

5. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the three-month period ended 30 June 2017 (three-month period ended 30 June 2016: Nil).

6. LOSS PER SHARE

	Three months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period for the purpose of basic loss per share	<u>(1,549)</u>	<u>(1,926)</u>
	<i>'000</i>	<i>'000</i>
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>

Note: The calculation of basic loss per share for the three-month period ended 30 June 2017 and 2016 is based on the loss for the period attributable to owners of the Company and the weighted average number of approximately 1,040,000,000 (2015: 1,040,000,000) ordinary shares of the Company in issue during the three-month period ended 30 June 2016 after taking into account the shares issued pursuant to the capitalisation issue and the Placing on the Stock Exchange.

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

FINANCIAL REVIEW

Revenue

The Group's revenue slightly decreased by approximately 4.2% from approximately HK\$25.6 million for the three months ended 30 June 2016 to approximately HK\$24.5 million for the three months ended 30 June 2017. The following table sets forth a breakdown of the Group's revenue:

	Three months ended 30 June 2017		Three months ended 30 June 2016	
	HK\$'000	%	HK\$'000	%
Medical solutions to contract customers	13,686	55.9	14,294	55.9
Medical services to self-paid patients	3,905	15.9	4,674	18.3
Dental solutions to contract customers	1,539	6.3	2,350	9.2
Dental services to self-paid patients	5,357	21.9	4,251	16.6
	<u>24,487</u>	<u>100</u>	<u>25,569</u>	<u>100</u>

Except for dental services to self-paid patients, all revenue generated for the three months ended 30 June 2017 decreased approximately 4.3%, 16.5% and 34.5% respectively when compared with the three months ended 30 June 2016, primarily due to the decreased number of visits by plan members of contract customer and self-paid patients and number of contract customer and individual for dental solutions.

Other income

Other income increased by approximately 287% from approximately HK\$83,000 for the three months ended 30 June 2016 to approximately HK\$321,000 for the three months ended 30 June 2017 due to increase in interest income on loan receivables and bank interest income from short-term fixed deposit.

Other gains and losses

Other gains and losses changed from net gain of approximately HK\$114,000 for the three months ended 30 June 2016 to net loss of approximately HK\$234,000 for the three months ended 30 June 2017 mainly due to gain on disposal of a motor vehicle amounted to approximately HK\$140,000 in May 2016 and disposal of a subsidiary in May 2017.

Medical and dental professional services expenses

The Group's medical and dental professional services expenses slightly decreased by approximately 3.1% from approximately HK\$12.3 million for the three months ended 30 June 2016 to HK\$11.9 million for the three months ended 30 June 2017, 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 reimbursement to plan members of the Group's contract customers amounted to approximately HK\$8.7 million for the three months ended 30 June 2017 and approximately HK\$9.2 million for the three months ended 30 June 2016, representing a decrease of approximately 5.4%. Such decrease was mainly due to a decrease in the amount of medical services received by plan members through our MediNet Network or reimbursed by us as a result of a decrease usage by the active member of contract customers of the Group. The approximate 5.4% decrease in the aggregate amount of fees to affiliated doctors and affiliated auxiliary services providers and reimbursement to plan members also decreased in line with the approximate 4.3% decrease 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 48.2% from approximately HK\$510,000 for the three months ended 30 June 2016 to approximately HK\$756,000 for the three months ended 30 June 2017 as the Group experienced an increase in demand from self-paid patients for certain secondary dental care services which were carried out by external dentists with relevant expertise.
- (iii) Laboratory charges are remain unchanged, approximately HK\$1.4 million for the three months ended 30 June 2016 and 2017 respectively.
- (iv) Fee to the Group's doctor decreased by approximately 13.6% from approximately HK\$1.2 million for the three months ended 30 June 2016 to approximately HK\$1 million for the three months ended 30 June 2017, primary due to the changes in employment arrangement between the Group and Group's doctor and dentist. As a result, fees to the Group's doctor approximately HK\$450,000 were recognised in "Staff cost" and fees to the dentist approximately HK\$228,000 were recognized in "Medical and dental professional services expenses". Without taking into account the abovementioned reclassification, then the fee to Group's doctor increased by approximately 5.7% because of increase in management fees to our Group's doctors.

Staff cost

Staff cost increased by approximately 31.2% from approximately HK\$5.6 million for the three months ended 30 June 2016 to HK\$7.3 million for the three months ended 30 June 2017. Due to the change in employment arrangements between the Group and the Group's doctors and dentist as discussed above, If the Group's doctor fee and fee to dentist recognize to the fee to Group's doctor and staff cost respectively, the staff cost will increase by approximately HK\$1.6 million. The increase was mainly attributable by (i) an increase in staff costs paid to Directors; (ii) annual increase in salaries for the staff; (iii) an increase in number of staff for the establishment of a representative office in Shenzhen; (iv) an increase in number of staff in Hong Kong mainly due to set-up a new sales and marketing team and customer services team in connection with the Group's expansion and enhancement of our customer services.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by approximately 38.7% from approximately HK\$274,000 for the three months ended 30 June 2016 to HK\$380,000 for the three months ended 30 June 2017 primarily due to the purchase of specialized equipment and decoration for the new medical centre at Central, as well as setting up of the Shenzhen representative office and the refurbishment of existing clinics in Hong Kong.

Cost of medical and dental supplies

Cost of medical and dental supplies decreased slightly by approximately 3.3% from approximately HK\$1 million for the three months ended 30 June 2016 to HK\$976,000 for the three months ended 30 June 2017, primary due to decrease in the amount of drugs and other medical consumables consumed for the provision of medical services to self-paid patient which was in line with the drop in revenue from medical services to self-paid patients.

Rental expenses

Rental expenses increased by approximately 49.7% from approximately HK\$1.4 million for the three months ended 30 June 2016 to HK\$2.1 million for the three months ended 30 June 2017, mainly due to rental expenses from Shenzhen dental clinic, Shenzhen representative office, new medical centre at Central and the increase in rent for those existing premises for which leases were renewed.

Other expenses

Other expenses increase by 22.1% from approximately HK\$2.6 million for the three months ended 30 June 2016 to HK\$3.2 million for the three months ended 30 June 2017, primarily due to increase in professional fees incurred to ensure ongoing compliance with relevant rules and regulation and other general administrative expenses such as utilities, repair and maintenance expenses.

Income tax expense

Income tax expense for the Group decreased by approximately 19.1% from approximately HK\$388,000 for the three months ended 30 June 2016 to approximately HK\$314,000 for the three months ended 30 June 2017. The decrease was mainly due to decrease in tax assessable income.

Loss and total comprehensive expense for the period

Due to the combined effect of the factors mentioned above, we recorded a loss for the three months ended 30 June 2017 approximately HK\$1.5 million which decreased by approximately HK\$377,000 as compared with loss for the period approximately HK\$1.9 million in the three months ended 30 June 2016. If the listing expenses of approximately HK\$4.2 million were excluded, the loss increased approximately HK\$3.8 million accordingly.

Such increase was primarily attributable to (i) decrease in revenue of approximately HK\$1.1 million for the three months ended 30 June 2017; (ii) the increase in staff cost and other operation expenses to support the Group's business development in Hong Kong such as set up a new sales and marketing team and customer services team in connection with the Group's expansion and enhance our customer services; (iii) to seize development opportunities in China's healthcare market, the Group incurred initial start-up expenses to establish the integrated medical clinic in Jiangmen, high-end dental clinic in Shenzhen and representative office in Shenzhen; (iv) additional legal and professional fee incurred to ensure ongoing compliance with relevant rules and regulation.

BUSINESS REVIEW AND OUTLOOK

Our 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 corporate medical and dental solutions to contract customers through the design and administration of tailored medical and/or dental benefits plans to provide the provision of different combinations of medical and/or dental services through the MediNet Network and/or our own operated medical and dental clinics, to deliver the value for money and a comprehensive suite of healthcare solutions to our customer. In order to create a trusted long term relationship with our customer, we devote every effort to understanding our client well so as to meet their need.

We recorded a net loss for the three months ended 30 June 2017, our management believe that the Group's PRC business is the incubation period will no doubt lead to short to medium term operating losses. Although our PRC business is currently in development phase and has not generated any revenue, our management believe that PRC is a significant market potential for our Group. In line with the community healthcare reforms promoted by the Chinese government and strong purchasing power and health consciousness of middle-class population therefore the Group has established a representative office in Shenzhen to seeking and exploring development opportunities in major cities in the PRC. Meanwhile, the Group has also obtained the relevant approval 設置醫療機構批准書 (transliterated as the approval for establishment of medical institution) from the department of Health of Guangdong Province in mid-May 2017 and late June 2017 for the establishment of high-end dental clinic in Shenzhen and integrated medical clinic in Jiangmen respectively. We expect it will commence operations in late 2017 and those clinics will be operated with Hong Kong clinic-style with standardized interior designs, services and management to provide efficient and high standard healthcare services to our customers. Based on our management experience of medical and dental clinics in Hong Kong, we are confident that medical and dental clinics will perform well in the long run in China.

In addition, the Group is currently setting up a new online e-commerce business in relation to the sale of healthcare-related products and services, we expect to be launched during the third quarter of 2017 and believe that it would generate additional sources of income and broaden our income stream.

Going forward, the Group will further strengthen our efforts in the PRC business and continue to leverage on its competitive advantages and competencies to foster our core business of medical and dental solutions and services in Hong Kong, to provide the best healthcare services to customers and maximizing the interest of our stakeholders.

DISCLOSURE OF INTERESTS

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

As at 30 June 2017, 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 of its associated corporation (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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares held, capacity and nature of interest			Approximate percentage of the Company's issued share capital
	Directly and beneficially owned	Through controlled corporations	Total	
Mr. Chan Chi Wai, Nelson (<i>Note 1</i>)	–	585,000,000	585,000,000	56.25%
Ms. Jiang Jie (<i>Note 2</i>)	–	585,000,000	585,000,000	56.25%

Notes:

1. 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 held by Medinet International Limited under the SFO. Mr. Chan is the sole director of MediNet International Limited.
2. Ms. Jiang Jie ("Ms. Jiang") is the spouse of Mr. Chan. Accordingly, Ms. Jiang is deemed to be interested in the Shares deemed to be interested by Mr. Chan under the SFO.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 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 2017, so far as is known to the Director, 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO as follows:

Long positions in ordinary shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
MediNet International Limited	Beneficial owner (<i>Note 1</i>)	585,000,000 (L)	56.25%
NSD Capital Convoy Fund Management Limited (formerly known as DRL Capital Investment Management Limited "CFM")	Beneficial owner Interest of a controlled Corporation	195,000,000 195,000,000	18.75% 18.75%
Convoy Global Holdings Limited (formerly known as "Convoy Financial Holdings Limited") ("Convoy Global")	Interest of a controlled Corporation	195,000,000	18.75%

Notes:

1. MediNet International Limited is wholly and beneficially owned by Mr. Chan Therefore, Mr. Chan is deemed to be interested in the Shares held by MediNet International Limited under Part XV of SFO. Mr. Chan is the sole director of MediNet International Limited.
2. NSD Capital is an exempted company incorporated in the Cayman Island with limited liability, the management shares of which are wholly owned by CFM, a wholly-owned subsidiary of Convoy Global (a company listed on the Main Board of the Stock Exchange (stock code: 1019)). Therefore, each of CFM 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 2017, 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 "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY" 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 period ended 30 June 2017.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 30 June 2017, save for the compliance adviser agreement dated 20 November 2015 and entered into between the Company and Messis Capital Limited, neither Messis Capital Limited, its directors, employees and associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OF 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 period ended 30 June 2017.

CORPORATE GOVERNANCE CODE

Pursuant to the code provision A.2.1 of the Corporate Governance Code ("**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 2017, 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 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 (the "**Model Code**") as its own code governing securities transactions of the Directors. 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 2017.

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2017.

AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) on 19 May 2016 with written terms of reference in compliance Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are (among other things) to review and supervise the financial control, internal control, nominate and monitor external auditors and risk management systems of the Group, and provide advice and comments on the Group’s financial reporting matters 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 of the Company. 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 2017.

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

Hong Kong, 14 August 2017

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.