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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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

#### **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.**

*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](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company’s website at [www.MediNetGroup.com](http://www.MediNetGroup.com).*

## FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately HK\$102.5 million for the nine months ended 31 December 2018, representing an increase of approximately HK\$29.1 million as compared with the nine months ended 31 December 2017.
- The loss for the period of the Group is approximately HK\$8.7 million for the nine months ended 31 December 2018, representing a decrease of approximately HK\$0.9 million as compared with the nine months ended 31 December 2017.
- The board of Directors does not recommend the payment of interim dividend for the nine months ended 31 December 2018.

### THIRD QUARTERLY RESULTS

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 31 December 2018, together with the unaudited comparative figures for the corresponding period in 2017, are as follows:

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

For the nine months ended 31 December 2018

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	<b>40,301</b>	24,493	<b>102,528</b>	73,382
Other income		<b>292</b>	416	<b>1,133</b>	1,364
Other losses		–	(15)	<b>(132)</b>	(253)
Medical and dental professional services expenses		<b>(17,135)</b>	(12,561)	<b>(45,204)</b>	(36,076)
Staff costs		<b>(11,003)</b>	(9,021)	<b>(29,040)</b>	(24,592)
Depreciation of property, plant and equipment		<b>(914)</b>	(542)	<b>(2,356)</b>	(1,345)
Cost of medical and dental supplies		<b>(4,619)</b>	(897)	<b>(9,767)</b>	(2,962)
Rental expenses		<b>(3,215)</b>	(2,612)	<b>(9,058)</b>	(7,514)
Other expenses		<b>(5,474)</b>	(3,392)	<b>(15,691)</b>	(10,996)
Amortisation of intangible assets		<b>(393)</b>	–	<b>(786)</b>	–
Loss before taxation		<b>(2,160)</b>	(4,131)	<b>(8,373)</b>	(8,992)
Income tax expense	4	<b>(87)</b>	(154)	<b>(303)</b>	(622)
Loss for the period		<b>(2,247)</b>	(4,285)	<b>(8,676)</b>	(9,614)
Other comprehensive expense for the period					
<i>Item that may be reclassified to profit or loss</i>					
Exchange differences arising on translation		–	–	<b>(683)</b>	–
Total comprehensive expense for the period		<b>(2,247)</b>	(4,285)	<b>(9,359)</b>	(9,614)
Loss per share-Basic (Hong Kong cents)	6	<b>(0.22)</b>	(0.41)	<b>(0.83)</b>	(0.92)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(note a)</i>	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
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	-	-	-	-	-	(9,614)	(9,614)	-	(9,614)
Disposal of a subsidiary	-	-	-	-	-	-	-	237	237
At 31 December 2017 (unaudited)	10,400	51,853	(1,253)	20,515	-	(11,791)	69,724	-	69,724
At 1 April 2018 (audited)	10,400	51,853	(1,253)	20,515	537	(14,881)	67,171	-	67,171
Loss for the period	-	-	-	-	-	(8,676)	(8,676)	-	(8,676)
Exchange differences arising on translation	-	-	-	-	(683)	-	(683)	-	(683)
Total comprehensive expense for the period	-	-	-	-	(683)	(8,676)	(9,359)	-	(9,359)
At 31 December 2018 (unaudited)	10,400	51,853	(1,253)	20,515	(146)	(23,557)	57,812	-	57,812

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, the then holding company of Well Being Dental Services Limited, Medinet Services Limited and Medinet Health Centre Limited of which Mr. Chan Chi Wai, Nelson 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 nine months ended 31 December 2018*

## 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 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 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

The unaudited condensed consolidated financial statements of the Group for the nine months period ended 31 December 2018 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 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 2018, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 April 2018.

The adoption of the new and revised 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		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:				
Medical services	12,528	14,711	39,559	42,086
Dental services	1,364	1,531	4,030	4,661
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	6,425	4,373	16,455	13,185
Dental services	19,984	3,878	42,484	13,450
	<u>40,301</u>	<u>24,493</u>	<u>102,528</u>	<u>73,382</u>

### 4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	152	154	433	622
Deferred tax	(65)	–	(130)	–
	<u>87</u>	<u>154</u>	<u>303</u>	<u>622</u>

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

### 5. DIVIDENDS

The Board does not recommend any interim dividend for the nine months ended 31 December 2018 (Nine months ended 31 December 2017: nil).

**6. LOSS PER SHARE**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Loss for the purpose of calculating basic loss per share for the period	<u><b>(2,247)</b></u>	<u>(4,285)</u>	<u><b>(8,676)</b></u>	<u>(9,614)</u>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u><b>1,040,000</b></u>	<u>1,040,000</u>	<u><b>1,040,000</b></u>	<u>1,040,000</u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is one of the corporate healthcare solutions providers and has been serving in Hong Kong since 1994, providing quality, value for money and comprehensive medical and dental solutions to the corporations and insurance companies through the MediNet Network and our own operated medical and dental clinics. We not only provide cost effective healthcare solutions to our customer but also add-on services such as specialist services, secondary dental services, DNA genetic tests and vaccination services etc..

The Group's revenue significantly increased by approximately 39.7% from approximately HK\$73.3 million for the nine months ended 31 December 2017 to approximately HK\$102.5 million for the nine months ended 31 December 2018, while our net loss decreased from approximately HK\$9.6 million for the nine month ended 31 December 2017 to HK\$8.7 million for the nine months ended 31 December 2018.

As disclosed in the Company's announcement dated 5 July 2018 and circular dated 31 January 2019, the Board has resolved to change the proposed use of the IPO proceeds to acquire the dental business (the "**Acquired Business**") held by Master Clever Limited which is principally engaged in the business of operation of dental clinics for the provision of dental services. As a result of the Acquired Business, the Directors believe that it will not only significantly contribute to our financial performance which was primarily attributable to the increase in revenue of dental services to self-paid patients, the Group's income stream will also be broadened as the Group and Master Clever Limited may share similar customers to enjoy exclusive offers for our healthcare services including health assessment, DNA genetic test as well as vaccine services.

Meanwhile, our management team has been expanding our business in the People's Republic of China (the "**PRC**") and we have successfully established our first dental clinic in Shenzhen (the "**Shenzhen Dental Clinic**") in June 2018. However, it has led to a decrease in our profit as we incur additional capital and expenses to establish our representative office and dental clinic in Shenzhen. Nevertheless, the Group believes that there is a growing demand and willingness to pay for more quality healthcare services in the PRC, therefore we will continue to focus on establishing or acquiring the small dental clinics in our strategic sites. Based on our 25 years' experience in healthcare industry, we are confident that the PRC business will perform well and will be able to generate returns in long run.

In addition, we will strive to improve our financial performance and economize on expenses on our existing operation by streamlining our operation flow and manpower to achieve cost-saving and operation efficiency. At the same time, we will also to grasp business opportunities to increase our revenue and aim for high returns for our shareholders.

## FINANCIAL REVIEW

### Revenue

The Group's revenue significantly increased from approximately HK\$73.4 million for the nine months ended 31 December 2017 to approximately HK\$102.5 million for the nine months ended 31 December 2018. The following table sets forth a breakdown of the Group's revenue with comparative figure:

	<b>Nine months ended 31 December 2018</b>	Nine months ended 31 December 2017	Increase/ (decrease) %
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Medical solutions to contract customers	<b>39,559</b>	42,086	(6.0%)
Medical services to self-paid patients	<b>16,455</b>	13,185	24.8%
Dental solutions to contract customers	<b>4,030</b>	4,661	(13.5%)
Dental services to self-paid patients	<b>42,484</b>	13,450	215.9%
	<b>102,528</b>	<b>73,382</b>	

The revenue of medical solutions to contract customers slightly decreased by approximately 6.0% from approximately HK\$42.1 million for the nine months ended 31 December 2017 to approximately HK\$39.6 million for the nine months ended 31 December 2018, which the decrease was primarily due to the decrease in the number of visit by patients to our affiliated doctors and affiliated auxiliary services providers.

The revenue of medical services to self-paid patients increased by approximately 24.8% from approximately HK\$13.2 million for the nine months ended 31 December 2017 to approximately HK\$16.5 million for the nine months ended 31 December 2018, which the increase was 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 decreased by approximately 13.5% from approximately HK\$4.7 million for the nine months ended 31 December 2017 to approximately HK\$4.0 million for the nine months ended 31 December 2018, which was mainly attributable to the decrease in the number of contract customers and individuals for dental solutions services.

In particular, the revenue of dental services to self-paid patients increased significantly by approximately 215.9% from approximately HK\$13.5 million for the nine months ended 31 December 2017 to approximately HK\$42.5 million for the nine months ended 31 December 2018 which was primarily due to revenue generated from the Acquired Business and Shenzhen Dental Clinic.

## **Other income**

Other income decreased from approximately HK\$1.4 million for the nine months ended 31 December 2017 to approximately HK\$1.1 million for the nine months ended 31 December 2018 which was due to a decrease in interest income on loan receivables which were redeemed in November 2017 and July 2018 respectively.

## **Other losses**

Other losses decreased from approximately HK\$253,000 for the nine months ended 31 December 2017 to approximately HK\$132,000 for the nine months ended 31 December 2018 which was mainly due to the disposal of a subsidiary in May 2017 and 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 within the MediNet Network; (ii) external dentists engaged by the Group; (iii) laboratories for services rendered to the Group; and (iv) the Group's doctors and dentists.

The Group's medical and dental professional services expenses increased by approximately 25.3% from approximately HK\$36.1 million for the nine months ended 31 December 2017 to approximately HK\$45.2 million for the nine months ended 31 December 2018 which was primarily due to the increase in aggregate amount paid to external and internal dentists of the Acquired Business and laboratories which correlates with the increase in demand from self-paid patients for certain body check ups and other testing procedures.

## **Staff costs**

Staff costs increased by approximately 18.1% from approximately HK\$24.6 million for the nine months ended 31 December 2017 to approximately HK\$29.0 million for the nine months ended 31 December 2018. The increase was mainly attributable to (i) staff costs paid to the Acquired Business, the Shenzhen Dental Clinic and our new DNA genetic laboratory centre in Wong Chuk Hang (the "DNA Laboratory Centre"); and (ii) the increase in staff costs paid to the Directors.

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

Depreciation of property, plant and equipment increased by approximately 75.2% from approximately HK\$1.3 million for the nine months ended 31 December 2017 to approximately HK\$2.4 million for the nine months ended 31 December 2018 which was primarily due to (i) the purchase of specialized equipment and renovation for our dental clinics in Shenzhen and Causeway Bay as well as the DNA Laboratory Centre; and (ii) the consolidation of depreciation expenses of the Acquired Business.

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

Cost of medical and dental supplies significantly increased by approximately 229.7% from approximately HK\$3.0 million for the nine months ended 31 December 2017 to approximately HK\$9.8 million for the nine months ended 31 December 2018, which was principally due to the increase in the amount of other medical and dental consumables such as drugs and medicine, vaccination and invisalign align 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**

Rental expenses increased by approximately 20.5% from approximately HK\$7.5 million for the nine months ended 31 December 2017 to approximately HK\$9.1 million for the nine months ended 31 December 2018, which was mainly due to rental expenses for the DNA Laboratory Centre and consolidation of rental expenses of the Acquired Business.

### **Other expenses**

Other expenses increased by approximately 42.7% from approximately HK\$11.0 million for the nine months ended 31 December 2017 to approximately HK\$15.7 million for the nine months ended 31 December 2018, which was mainly due to the combined effect of (i) the increase in cost of other general administrative expenses for the DNA Laboratory Centre and the Shenzhen Dental Clinic; (ii) the consolidation of other expenses of the Acquired Business; and (iii) the increase in the amount of professional incurred fee for the Acquired Business and to ensure ongoing compliance with relevant rules and regulations.

### **Income tax expense**

Income tax expense for the Group decreased by approximately 51.3% from approximately HK\$622,000 for the nine months ended 31 December 2017 to approximately HK\$303,000 for the nine months ended 31 December 2018. The decrease was mainly due to the 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 and total comprehensive expense for the nine months ended 31 December 2018 of approximately HK\$9.4 million, which represented a decrease of approximately HK\$0.2 million as compared with that for the nine months ended 31 December 2017 of approximately HK\$9.6 million.

The loss was primarily attributable to the combined effect of (i) the significant increase in revenue of approximately HK\$29.2 million for the nine months ended 31 December 2018, 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 our representative

office and dental clinic in Shenzhen; (ii) the increase in staff costs, other operation expenses and general overhead to support and expand the Group's business in Hong Kong; and (iii) the amortization of intangible assets of due to the Acquired Business.

## DISCLOSURE OF INTERESTS

### A. Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations

As at 31 December 2018, 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 position in the ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held, capacity and nature of interest	
		Number of shares held (Note 1)	Approximate percentage 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:

- The letter "L" denotes to long position in the shares of the Company.
- 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 Part XV of the SFO. Mr. Chan is the sole director of MediNet International Limited.
- 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**

<b>Name of associated corporation</b>	<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares held</b> <i>(Note 1)</i>	<b>Percentage of issued share capital</b>
MediNet International Limited <i>(Note 2)</i>	Mr. Chan	Beneficial owner	5 (L)	100%
MediNet International Limited <i>(Note 2)</i>	Ms. Jiang	Interest of spouse <i>(Note 3)</i>	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 31 December 2018, 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 31 December 2018, 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:

<b>Name of Shareholder</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b> <i>(Note 1)</i>	<b>Approximate percentage of the Company's issued share capital</b>
MediNet International Limited	Beneficial owner <i>(Note 2)</i>	585,000,000 (L)	56.25%
NSD Capital Limited ("NSD Capital")	Beneficial owner <i>(Note 3)</i>	195,000,000 (L)	18.75%
Convoy Asset Management Limited ("CAM")	Interest of a controlled corporation <i>(Note 3)</i>	195,000,000 (L)	18.75%
Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) ("Convoy Global")	Interest of a controlled corporation <i>(Note 3)</i>	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 SFO. Mr. Chan is the sole director of MediNet International Limited.
3. NSD Capital is an exempted company incorporated in the Cayman Island with limited liability, the management shares of which are wholly owned by CAM, 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 and Convoy Global is deemed to be interested in the shares held by NSD Capital under the SFO.

Save as disclosed above, as at 31 December 2018, 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 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.

## **OTHER INFORMATION**

### **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 nine months ended 31 December 2018.

### **INTERESTS OF COMPLIANCE ADVISER**

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 31 December 2018, 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, SALE 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 nine months ended 31 December 2018.

### **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 31 December 2018, 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 nine months ended 31 December 2018.

## **DIVIDEND**

The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2018.

## **AUDIT COMMITTEE**

The Company established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with 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. 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 nine months ended 31 December 2018.

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

Hong Kong, 14 February 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.*