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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 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.

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

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

FINANCIAL HIGHLIGHT

- The revenue of the Company and its subsidiaries (collectively the “**Group**”) amounted to approximately HK\$23.6 million for the three months ended 30 June 2018, representing a decrease of approximately HK\$888,000 as compared with the three months ended 30 June 2017.
- The loss for the period of the Group is approximately HK\$3.8 million for the three months ended 30 June 2018, representing an increase in loss of approximately HK\$2.1 million as compared with the three months ended 30 June 2017.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2018.

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 2018, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the three months ended 30 June 2018

		Three months ended	
		30 June	
	Notes	2018	2017
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	23,599	24,487
Other income		489	321
Other losses		(132)	(234)
Medical and dental professional services expenses		(11,402)	(11,886)
Staff costs		(8,058)	(7,335)
Depreciation of property, plant and equipment		(570)	(380)
Cost of medical and dental supplies		(817)	(976)
Rental expenses		(2,665)	(2,080)
Other expenses		(4,129)	(3,152)
Loss before taxation		(3,685)	(1,235)
Income tax expense	4	—	(314)
Loss and total comprehensive expense for the period		(3,685)	(1,549)
Loss per share – Basic (Hong Kong cents)	6	(0.35)	(0.15)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 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)	<u>10,400</u>	<u>51,853</u>	<u>(1,253)</u>	<u>20,515</u>	<u>-</u>	<u>(2,177)</u>	<u>79,338</u>	<u>(237)</u>	<u>79,101</u>
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>-</u>	<u>(3,726)</u>	<u>77,789</u>	<u>-</u>	<u>77,789</u>
At 1 April 2018 (audited)	<u>10,400</u>	<u>51,853</u>	<u>(1,253)</u>	<u>20,515</u>	<u>537</u>	<u>(14,881)</u>	<u>67,171</u>	<u>-</u>	<u>67,171</u>
Loss and total comprehensive expense for the period	-	-	-	-	-	(3,685)	(3,685)	-	(3,685)
At 30 June 2018 (unaudited)	<u>10,400</u>	<u>51,853</u>	<u>(1,253)</u>	<u>20,515</u>	<u>537</u>	<u>(18,566)</u>	<u>63,486</u>	<u>-</u>	<u>63,486</u>

Note:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 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 (the “**Stock Exchange**”) since 31 May 2016. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at 16/F., 101 King’s Road, North Point, Hong Kong. The Company’s immediate and ultimate holding company is Medinet International Limited, a company incorporated in the British Virgin Islands which is controlled by the Controlling Shareholder.

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three-month period ended 30 June 2018 and 2017 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 amendments to HKFRSs that have become effective for its accounting period beginning on 1 April 2018.

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	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:		
Medical services	13,148	13,686
Dental services	1,361	1,539
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	4,993	3,905
Dental services	4,097	5,357
	<u>23,599</u>	<u>24,487</u>

4. INCOME TAX EXPENSE

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	<u>-</u>	<u>314</u>

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

5. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the three-month period ended 30 June 2018 (three-month period ended 30 June 2017: Nil).

6. LOSS PER SHARE

	Three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of calculating basic loss per share for the period	<u>(3,685)</u>	<u>(1,549)</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,040,000</u>	<u>1,040,000</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue slightly decreased by approximately 3.6% from approximately HK\$24.5 million for the three months ended 30 June 2017 to approximately HK\$23.6 million for the three months ended 30 June 2018. The following table sets forth a breakdown of the Group's revenue:

	Three months ended		Change %
	30 June		
	2018	2017	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Medical solutions to contract customers	13,148	13,686	(3.9)%
Medical services to self-paid patients	4,993	3,905	27.9%
Dental solutions to contract customers	1,361	1,539	(11.6)%
Dental services to self-paid patients	4,097	5,357	(23.5)%
	23,599	24,487	

The revenue of medical solutions to contract customers slightly decreased by approximately 3.9% from approximately HK\$13.7 million for the three months ended 30 June 2017 to approximately HK\$13.1 million for three months ended 30 June 2018, primarily due to the decrease usage by the active member of contract customers of the Group.

The revenue of medical services to self-paid patients increased by approximately 27.9% from approximately HK\$3.9 million for three months ended 30 June 2017 to approximately HK\$5.0 million for three months ended 30 June 2018 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 11.6% from approximately HK\$1.5 million for three months ended 30 June 2017 to approximately HK\$1.4 million for three months ended 30 June 2018, which was mainly attributable to the decrease in the number of contract customer and individual for dental solutions.

The revenue of dental services to self-paid patients also decreased by approximately 23.5% from approximately HK\$5.4 million for three months ended 30 June 2017 to approximately HK\$4.1 million for three months ended 30 June 2018, mainly due to decrease in the number of visits from the patients seeking secondary dental services.

Other income

Other income increased by approximately 52.3% from approximately HK\$321,000 for the three months ended 30 June 2017 to approximately HK\$489,000 for the three months ended 30 June 2018, primarily due to rental income from the sub-leasing part of our Dental Clinic in Causeway Bay since September 2017.

Other losses

Other losses decreased by approximately 43.6% from approximately HK\$234,000 for the three months ended 30 June 2017 to approximately HK\$132,000 for the three months ended 30 June 2018, mainly due to disposal of a subsidiary in May 2017 and the loss on write off of fixed assets in April 2018.

Medical and dental professional services expenses

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

The Group's medical and dental professional services expenses decreased by approximately 4.2% from approximately HK\$11.9 million for the three months ended 30 June 2017 to approximately HK\$11.4 million for the three months ended 30 June 2018 which was in line with the approximately 3.6% decrease in the Group's revenue from the provision of medical solutions to contract customers during the relevant period.

Staff cost

Staff cost increased by approximately 9.9% from approximately HK\$7.3 million for the three months ended 30 June 2017 to approximately HK\$8.1 million for the three months ended 30 June 2018. The increase was mainly attributable by (i) an increase in staff costs paid to Directors; (ii) annual increase in salaries for the staff; and (iii) an increase in number of staff for our Shenzhen Clinic and the new DNA genetic laboratory centre.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by approximately 50% from approximately HK\$380,000 for the three months ended 30 June 2017 to approximately HK\$570,000 for the three months ended 30 June 2018 primarily due to the purchase of specialized equipment and decoration for the new dental clinic in Causeway Bay, Shenzhen as well as the new DNA genetic laboratory centre in Wong Chuk Hang.

Cost of medical and dental supplies

Cost of medical and dental supplies decreased by approximately 16.3% from approximately HK\$976,000 for the three months ended 30 June 2017 to approximately HK\$817,000 for the three months ended 30 June 2018, primary due to decrease in the amount of drugs and other dental consumables consumed by dental services patients which was in line with the drop in revenue from dental services to self-paid patients.

Rental expenses

Rental expenses increased by approximately 28.1% from approximately HK\$2.1 million for the three months ended 30 June 2017 to approximately HK\$2.7 million for the three months ended 30 June 2018, mainly due to the increase in rental expenses for the relocation of Dental Clinic to Causeway Bay and the establishment of the new DNA genetic laboratory centre in Wong Chuk Hang.

Other expenses

Other expenses increase by 30.1% from approximately HK\$3.2 million for the three months ended 30 June 2017 to approximately HK\$4.1 million for the three months ended 30 June 2018, which was mainly attributable by the increase in general administrative expenses such as utilities, operation, repair and maintenance etc. incurred for our business in Hong Kong and the People's Republic of China (the "PRC").

Income tax expense

Income tax expense for the Group decreased by 100% from approximately HK\$314,000 for the three months ended 30 June 2017 to approximately nil for the three months ended 30 June 2018. 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, the Group recorded a loss for the three months ended 30 June 2018 of approximately HK\$3.7 million which increased by approximately HK\$2.1 million as compared with loss for the period of approximately HK\$1.6 million in the three months ended 30 June 2017.

Such increase in the loss for the period of the Group was primarily attributable to (i) the slight decrease in revenue of approximately HK\$888,000 for the three months ended 30 June 2018; (ii) the increase in staff cost and other operation expenses to support the Group's existing medical and dental services business as well as the newly established MediNet Privilege e-commerce business and DNA genetic laboratory centre in Hong Kong; (iii) additional cost incurred on the development for PRC market which mainly represented rent paid, staff cost, operating cost and administrative cost from our representative office in Shenzhen, dental clinic in Shenzhen ("**Shenzhen Clinic**") and Jiangmen Medical Centre in Jiangmen ("**Jiangmen**").

Medical Centre”); and (iv) recognition of effective rent of high-end dental clinic in Causeway Bay which was opened in October 2017 and newly established DNA genetic laboratory centre in Wong Chuk Hang in January 2018.

BUSINESS REVIEW AND OUTLOOK

As one of the corporate healthcare solutions providers in Hong Kong for more than 20 years, the Group is principally engaged in the provision of corporate medical and dental solutions to corporates and insurance companies through the design and administration of tailored medical and/or dental benefits plan to provide the provision of different combinations of medical and/or dental services through the MediNet Network and/or our self-operated MediNet Centres and Dental Clinics. The Group also deliver additional add-on services such as specialist services, secondary dental services as well as dental cosmetic treatment and genetic laboratory test in order to provide quality and comprehensive suite of healthcare solutions to our customer.

The Group recorded a net loss for the three months ended 30 June 2018 which was mainly attributable to (i) additional cost on the business in the PRC, including rental costs, licence application, staff cost, general overhead and administrative cost in our representative office in Shenzhen, Shenzhen Clinic and Jiangmen Medical Centre; (ii) increase in staff costs and other operating expense to support the expansion of Group’s existing medical and dental services and also newly established MediNet Privilege e-commerce business and DNA genetic laboratory centre in Hong Kong; (iii) increase in rental expense due to relocation of our dental clinic to grade A building in Causeway Bay with higher rental costs and the establishment of the new DNA genetic laboratory centre in Wong Chuk Hang; and (iv) slight decrease in revenue by approximately 3.6% as compared with the three months ended 30 June 2017.

In the meantime, our Shenzhen Clinic has successfully obtained the approval of operation of medical institution (醫療機構執業許可證) from Health and Family Planning Commission of Shenzhen Municipality and opened in 2018, being our first dental clinic in PRC. The Group will provide the high standard dental services to attract the middle-class customers in the PRC market. In light of the announced plan of the PRC government to accelerate the development of healthcare services, the ongoing healthcare reform has encouraged greater private sector participation to offer more diverse scope of healthcare service to reduce overcrowding in public facilities and therefore our Shenzhen representative office has been continuously seeking strategic sites to establish or acquire the smaller dental clinic and replicate the Hong Kong clinic-style operation model for the following years to capture this business opportunities.

In addition, the Group has entered into an acquisition agreement in relation to the acquisition of Master Clever Limited from Tradewide Investments Limited at a total consideration HK\$32 million on 5 July 2018. Completion of the said acquisition took place on 12 July 2018. Master Clever Limited is principally engaged in the business of operation of dental clinics for the provision of dental services including orthodontic treatment, dental laser implant surgery, teeth whitening and other general dental services. The Board considered that the acquisition will enable our Hong Kong and PRC dental clinic of the Group to expand the capacity and diversify the range of existing dental services in particular for more specialized dental

services especially in invisalign treatment. Besides, it will broaden the Group's customer's base and increase the number of private patients and also provide cost saving for the Group due to further discount from suppliers for bulk purchase of dental supplies. In view of the recent changes in circumstances faced by the Group, the Board considers that the original plan for the Group to acquire a property for operation of the Dental Clinic in Causeway Bay is not in the best interest of the Company and its shareholders for the time being. In order to better deploy the resources of the Group, the Board considered that the Group should apply the unutilised amount of the proceeds from the initial public offering of the Company's shares on the Stock Exchange originally intended for the purchase of property to expand the Group's capacity and scope of its existing dental services by way of the acquisition. By so doing, the Group can increase its revenue and profit margin as well as achieve long term development of the Group's business. Details of the acquisition has been disclosed in the Company's announcement dated on 5 July 2018.

Furthermore, to generate additional sources of income, the Group has developed MediNet Privilege e-commerce business which was first launched in September 2017 and established a DNA genetic laboratory centre, opened in July 2018. It is expected that the business will broaden the Group's income stream and build up our customer loyalty and confidence in our brand.

Taking into account that the incubation period for the Group's expansion of business has led to increase of the operation cost and loss for the period, the Group is also dedicated to economize on expenses on our existing operation by streamlining our operation flow and manpower to achieve cost-saving and improve efficiency. Our management team is confident that the Group will become a well-known healthcare services provider in both Hong Kong and the PRC and will create return for our shareholders.

DISCLOSURE OF INTERESTS

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

As at 30 June 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 positions in ordinary shares of the Company

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

Notes:

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

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

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

Notes:

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

Save as disclosed above, as at 30 June 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 30 June 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:

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested in <i>(Note 1)</i>	Percentage of total issued share capital of the Company
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 Fund Management Limited (formerly known as DRL Capital Investment Management Limited) (“CFM”)	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 Islands 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 of the Company held by NSD Capital under the SFO.

Save as disclosed above, as at 30 June 2018 and so far as is known to the Directors, no person (other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company and its associated corporation” above) who had an interest or short position in the shares or underlying shares of the Company that was required to be entered in the register of the Company pursuant to Section 336 of the SFO.

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the Controlling Shareholder nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2018.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Messis Capital Limited, as at 30 June 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, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2018.

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 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 three months ended 30 June 2018.

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2018.

AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the internal control and risk management systems, the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report, interim report and quarterly reports before submission to the Board. The Audit Committee consists of three members, namely Dr. Lieu Geoffrey Sek Yiu, Mr. Leung Po Hon and Mr. Wong Wai Leung, all being independent non-executive Directors 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 2018.

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

Hong Kong, 13 August 2018

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.