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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)

PROFIT WARNING

This announcement is made by MediNet Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Board and the preliminary review and assessment on the Group’s unaudited consolidated management accounts (the “**Management Accounts**”) for the year ended 31 March 2023, it is expected that the Group will record a loss after taxation of no less than HK\$24 million for the year ended 31 March 2023 as compared to loss after taxation of approximately HK\$6 million for the year ended 31 March 2022. The expected increase in loss of the Group was mainly due to:

- (i) the recognition of impairment loss on goodwill of the cash-generating unit (“**CGU**”) of approximately HK\$17 million in relation to Master Clever Limited (“**Master Clever**”), a subsidiary of the Company, which engaged in the provision of dental service business; and
- (ii) the persistent outbreak of Covid-19 pandemic which adversely affected the number of visits of patients, resulting in the decrease in revenue by approximately 8.8% for the year ended 31 March 2023 as compared to last year.

THE REASONS FOR THE MASTER CLEVER CGU’S GOODWILL IMPAIRMENT

Based on the Management Accounts, revenue of the Master Clever CGU for the year ended 31 March 2023 decreased by approximately HK\$3 million as compared with last year and the Master Clever CGU is expected to record a net operating loss of HK\$0.8 million for the year ended 31 March 2023.

Considering the persistent outbreak of Covid-19 and the expected increase in operating costs of the Master Clever CGU, in particular the increase in dental professional service cost (as such cost are charged based on a percentage of the operating results) due to the increase in percentage of cost in the latest renewal terms and arrangement, the Group expected that the subsequent operating results of the Master Clever CGU will be negatively affected.

The management of the Group has performed a preliminary impairment assessment on the Master Clever CGU. With the assistance of an independent valuer, the management of the Group has reviewed and reassessed the key assumptions used in determining the recoverable amounts of the Master Clever CGU. Based on the preliminary assessment of the Group, an impairment loss on goodwill of the Master Clever CGU of approximately HK\$17 million has been recognized as the recoverable amount of the Master Clever CGU is less than its carrying amount.

The Board would like to emphasize that impairment loss on goodwill is non-cash in nature and accordingly, will not have any impact on the Group's cash flows.

The Company is in the process of finalizing the annual results of the Group for the year ended 31 March 2023. The information contained in this announcement represents only a preliminary assessment by the Board on the Management Accounts and the information available to the Company, which have not been audited or reviewed by the Company's auditor and audit committee of the Company and may therefore be subject to changes. Shareholders and potential investors are advised to read the Group's annual results announcement for the year ended 31 March 2023 carefully, which is expected to be published on or before end of June 2023.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 June 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Chi Wai Nelson and Ms. Jiang Jie and three independent non-executive Directors, namely Mr. Leung Po Hon, Mr. Wong Wai Leung and Mr. Kwok Sze Chi.