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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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **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.**

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*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication and the Company’s website at [www.MediNetGroup.com](http://www.MediNetGroup.com).*

## FINANCIAL HIGHLIGHTS

- The revenue of the Company and its subsidiaries amounted to approximated HK\$110.4 million for the year ended 31 March 2023 representing a decrease of approximately HK\$10.7 million or 8.8% as compared with the year ended 31 March 2022.
- The loss for the year attributable to owners of the Company increased from approximately HK\$6.2 million for the year ended 31 March 2022 to approximately HK\$24.9 million for year ended 31 March 2023.
- The board of Directors does not recommend the payment of any dividend for the year ended 31 March 2023.

## ANNUAL RESULTS

The board (the “**Board**”) of Directors is pleased to announce the audited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2023 (“**FY2022/23**”) together with the comparative figures for the corresponding period in 2022 (“**FY2021/22**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the Year ended 31 March 2023*

	<i>NOTES</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Revenue	3	<b>110,392</b>	121,068
Other income		<b>3,539</b>	1,219
Other gains and losses		<b>(17,912)</b>	(138)
Medical and dental professional services expenses		<b>(42,860)</b>	(43,936)
Staff costs		<b>(37,793)</b>	(42,549)
Depreciation of property, plant and equipment		<b>(2,315)</b>	(2,955)
Depreciation of right-of-use assets		<b>(9,420)</b>	(9,621)
Cost of medical and dental supplies		<b>(10,848)</b>	(11,692)
Rental expenses		<b>(1,866)</b>	(1,142)
Other expenses		<b>(14,249)</b>	(14,767)
Amortisation of other intangible assets		<b>(1,571)</b>	(1,572)
Interest on lease liabilities		<b>(560)</b>	(650)
Loss before taxation		<b>(25,463)</b>	(6,735)
Income tax credit	4	<b>313</b>	358
Loss for the year		<b>(25,150)</b>	(6,377)
Loss for the year attributable to:			
Owners of the Company		<b>(24,882)</b>	(6,216)
Non-controlling interest		<b>(268)</b>	(161)
		<b>(25,150)</b>	(6,377)
			(Restated)
Loss per share — Basic and Diluted (Hong Kong cents)	6	<b>(59.81)</b>	(14.94)
Other comprehensive expense for the year <i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(159)</b>	(33)
Total comprehensive expense for the year		<b>(25,309)</b>	(6,410)
Total comprehensive expense attributable to:			
Owners of the Company		<b>(25,041)</b>	(6,249)
Non-controlling interests		<b>(268)</b>	(161)
		<b>(25,309)</b>	(6,410)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		2,954	4,565
Right-of-use assets		9,875	13,128
Other intangible assets		–	1,571
Goodwill		1,905	19,483
Rental deposits	7	1,480	1,730
Deferred tax assets		1,370	1,364
		<u>17,584</u>	<u>41,841</u>
Current assets			
Inventories		365	492
Accounts and other receivables	7	8,875	9,511
Amounts due from a related party		428	361
Tax recoverable		49	655
Bank balances and cash		15,574	15,600
		<u>25,291</u>	<u>26,619</u>
Current liabilities			
Accounts and other payables	8	13,515	9,360
Contract liabilities	8	6,253	7,448
Lease liabilities		6,490	7,590
Provision for reinstatement costs		215	438
Amount due to a related party		1,156	739
Tax payable		57	200
		<u>27,686</u>	<u>25,775</u>
Net current (liabilities) assets		<u>(2,395)</u>	<u>844</u>
Total assets less current liabilities		<u>15,189</u>	<u>42,685</u>

	<i>NOTES</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<b>3,333</b>	5,257
Deferred tax liabilities		<b>24</b>	337
Provision for reinstatement costs		<b>503</b>	453
		<u><b>3,860</b></u>	<u>6,047</u>
Net assets		<u><b>11,329</b></u>	<u>36,638</u>
Capital and reserves			
Share capital	9	<b>10,400</b>	10,400
Reserves		<b>1,358</b>	26,399
Equity attributable to owners of the Company		<b>11,758</b>	36,799
Non-controlling interests		<b>(429)</b>	(161)
		<u><b>11,329</b></u>	<u>36,638</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2023*

## 1. GENERAL

MediNet Group Limited (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 the GEM of the Stock Exchange since 31 May 2016. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. 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 Mr. Chan Chi Wai, Nelson, an executive Director.

The Company acts as an investment holding company.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to HKFRSs in issue but not yet effective**

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

#### (i) Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 March 2023		
	Dental business HK\$'000	Medical business HK\$'000	Total HK\$'000
<b>Types of service</b>			
Dental business			
Solutions	7,113	–	7,113
Services	58,048	–	58,048
Sub-total	65,161	–	65,161
Medical business			
Solutions to insurance companies	–	19,717	19,717
Solutions to corporations	–	7,981	7,981
Services	–	17,533	17,533
Sub-total	–	45,231	45,231
Total	65,161	45,231	110,392
<b>Geographical markets</b>			
Hong Kong	64,186	45,231	109,417
The PRC	975	–	975
Total	65,161	45,231	110,392
<b>Timing of revenue recognition</b>			
A point in time	40,197	37,783	77,980
Over time	24,964	7,448	32,412
Total	65,161	45,231	110,392



Segments	For the year ended 31 March 2022		
	Dental business <i>HK\$'000</i>	Medical business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of service</b>			
Dental business			
Solutions	6,322	–	6,322
Services	67,879	–	67,879
Sub-total	<u>74,201</u>	<u>–</u>	<u>74,201</u>
Medical business			
Solutions to insurance companies	–	20,062	20,062
Solutions to corporations	–	9,277	9,277
Services	–	17,528	17,528
Sub-total	<u>–</u>	<u>46,867</u>	<u>46,867</u>
Total	<u><u>74,201</u></u>	<u><u>46,867</u></u>	<u><u>121,068</u></u>
<b>Geographical markets</b>			
Hong Kong	72,101	46,867	118,968
The PRC	2,100	–	2,100
Total	<u><u>74,201</u></u>	<u><u>46,867</u></u>	<u><u>121,068</u></u>
<b>Timing of revenue recognition</b>			
A point in time	50,028	39,419	89,447
Over time	24,173	7,448	31,621
Total	<u><u>74,201</u></u>	<u><u>46,867</u></u>	<u><u>121,068</u></u>

**(ii) Performance obligations for contracts with customers**

*Dental solutions*

The Group's dental solutions services represent annual retainer fee derived from Annual Retainer Contracts entered with corporations, insurance companies and individual customers. The customers would generally pay a fixed amount of annual fee per plan member and each plan member would generally be entitled to certain dental services free of charge or at specified prices for specific dental services with or without additional payments when visiting to the Group's dental clinics throughout a year. The performance obligations of the provision of dental solutions to the customers including orthodontic treatment, dental implant surgery, teeth whitening, other general dental services, scaling and polishing, fillings, intra oral X-rays and routine oral examination to patients, while these customers are entitled to consume the dental services simultaneously.

The Group satisfied the performance obligation by providing dental solutions to corporations, insurance companies and individual customers within the period of Annual Retainer Contracts and these customers would be entitled to consume dental solutions throughout the contract period. As the directors of the Company considered the Group has fulfilled its performance obligations throughout a period of time and revenue is therefore recognised over time in a pattern which approximates to time elapsed.

*Dental services*

The Group's general dental services represent dental care services such as orthodontic treatment, dental implant surgery, teeth whitening, other general dental services, scaling and polishing, fillings, intra-oral X-rays and routine oral examination to patients. Generally, the Group charges one-off general dental service fee based on an agreed pricing for a specific dental service. The Group is obliged to perform the general dental service carried out by dentists or hygienists to patients. Upon completion of the performance of general dental services at dental clinics, the Group has fulfilled its performance obligations and revenue is therefore recognised at a point in time.

For invisalign treatment services, the Group satisfies the performance obligation by performing consultation services to move and align patients' teeth under dentists' instruction and control. Revenue is recognised over the time where the patient received and consumed the benefits of the movement and alignment of patients' teeth simultaneously. Advance payment will be made by patients for invisalign treatment services. As the directors considered the Group has fulfilled its performance obligations throughout a period of time and revenue is therefore recognised over time in a pattern which approximates to time elapsed.

### *Medical solutions*

The Group's medical solutions represent annual retainer fee derived from Annual Retainer Contracts entered with corporations. The customers would generally pay a fixed amount of annual fee per plan member and each plan member would generally be entitled to certain medical services free of charge or at specified prices for specific medical solutions with or without additional payments when visiting to the Group's medical clinics throughout a year. The performance obligations of the provision of medical solutions to the customers including general practitioner consultation services, immunization services, body checkup and men's health medical services, while these customers are entitled to consume the medical solutions simultaneously. The Group satisfies the performance obligation by providing continuous medical solutions to corporations' employees within the period of Annual Retainer Contracts and corporations' employees would be entitled to consume the medical solutions throughout the contract period. As the directors of the Company considered the Group has fulfilled its performance obligations throughout a period of time and revenue is therefore recognised over time in a pattern which approximates to time elapsed.

The Group's medical solutions to insurance companies represent the provision of medical solutions including general practitioner consultation services, immunization services and body checkup. Generally, the Group charges the insurance companies on a pre-agreed fee rate based on the medical solutions provided. Upon completion of the medical solutions, the Group has fulfilled its performance obligations and revenue is therefore recognised at a point in time.

### *Medical services*

The Group operates medical clinics to provide general medical and men's health medical services to patients mainly general practitioner consultation services, immunization services, body checkup and men's health medical services. Generally, the Group charges one-off general medical service fee based on an agreed pricing for a specific medical service. Upon completion of the performance of general medical and men's health services at medical clinics, the Group has fulfilled its performance obligations and revenue is therefore recognised at a point in time.

**(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

The Group's all contracts with customers in relation to dental solutions, dental services, other general dental services, medical solutions to insurance companies, medical solutions to corporation and medical services are for periods of not more than two years. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) in relation to dental services (invisalign treatment services) as at 31 March 2023 and 31 March 2022 and the expected timing of recognising revenue are as follows:

	<b>2023</b>
	<b>Dental services</b>
	<b>HK\$'000</b>
Within one year	<b>660</b>
More than one year but not more than two years	<b>179</b>
	<hr/>
	<b>839</b>
	<hr/> <hr/>
	<b>2022</b>
	<b>Dental services</b>
	<b>HK\$'000</b>
Within one year	1,295
More than one year but not more than two years	287
	<hr/>
	1,582
	<hr/> <hr/>

**(iv) Segment information**

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

- |                       |   |
|-----------------------|---|
| (i) Dental business   | Provision of dental solutions and dental services   |
| (ii) Medical business | Provision of medical solutions to insurance companies,<br>medical solutions to corporation and medical services |

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

*Segment revenue and results*

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

**Year ended 31 March 2023**

	<b>Dental business HK\$'000</b>	<b>Medical business HK\$'000</b>	<b>Segment total HK\$'000</b>	<b>Eliminations HK\$'000</b>	<b>Total HK\$'000</b>
<b>SEGMENT REVENUE</b>					
External revenue	65,161	45,231	110,392	–	110,392
Inter-segment revenue	553	4,649	5,202	(5,202)	–
Segment revenue	<u>65,714</u>	<u>49,880</u>	<u>115,594</u>	<u>(5,202)</u>	<u>110,392</u>
Segment loss	<u>(22,543)</u>	<u>(2,305)</u>	<u>(24,848)</u>		(24,848)
Unallocated expenses					(4,154)
Unallocated income					<u>3,539</u>
Loss before taxation					<u>(25,463)</u>
	<b>Dental business HK\$'000</b>	<b>Medical business HK\$'000</b>	<b>Segment total HK\$'000</b>		<b>Total HK\$'000</b>
<b>OTHER SEGMENT INFORMATION</b>					
Amounts included in the measure of segment profit or loss:					
Additions to right-of-use assets	3,520	2,687	6,207		6,207
Additions to property, plant and equipment	168	547	715		715
Depreciation of property, plant and equipment	1,208	1,107	2,315		2,315
Depreciation of right-of-use assets	5,217	4,203	9,420		9,420
Amortisation of other intangible assets	1,571	–	1,571		1,571
Impairment loss recognised arising from ECL on account receivables, net of reversal	5	379	384		384
Impairment loss recognised on property, plant and equipment	9	–	9		9
Impairment loss recognised on goodwill	17,578	–	17,578		17,578
Gain arising from termination of lease	8	–	8		8
Bad debts written off	–	131	131		131

**Year ended 31 March 2022**

	Dental business <i>HK\$'000</i>	Medical business <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>SEGMENT REVENUE</b>					
External revenue	74,201	46,867	121,068	–	121,068
Inter-segment revenue	<u>958</u>	<u>4,965</u>	<u>5,923</u>	<u>(5,923)</u>	<u>–</u>
Segment revenue	<u><u>75,159</u></u>	<u><u>51,832</u></u>	<u><u>126,991</u></u>	<u><u>(5,923)</u></u>	<u><u>121,068</u></u>
Segment loss	<u><u>(3,325)</u></u>	<u><u>(637)</u></u>	<u><u>(3,962)</u></u>		<u><u>(3,962)</u></u>
Unallocated expenses					<u>(3,992)</u>
Unallocated income					<u>1,219</u>
Loss before taxation					<u><u>(6,735)</u></u>

	Dental business <i>HK\$'000</i>	Medical business <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>OTHER SEGMENT INFORMATION</b>				
Amounts included in the measure of segment profit or loss:				
Additions to right-of-use assets	4,973	5,248	10,221	10,221
Additions to property, plant and equipment	689	83	772	772
Depreciation of property, plant and equipment	1,825	1,130	2,955	2,955
Depreciation of right-of-use assets	5,378	4,243	9,621	9,621
Amortisation of other intangible assets	1,572	–	1,572	1,572
Bad debts written off	<u>–</u>	<u>168</u>	<u>168</u>	<u>168</u>

Segment loss represents the loss incurred/profit earned by each segment without allocation of unallocated expenses, income and loss mainly including general office expenses, other income (excluding credit card rebate), interest income, other gains and losses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

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

*Segment assets and liabilities*

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

### Information about major customers

No individual customer accounted for over 10% of the Group's total revenue for both years.

### Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the year		Non-current assets at 31 March	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	109,417	118,968	14,734	38,733
The PRC	975	2,100	–	14
	<u>110,392</u>	<u>121,068</u>	<u>14,734</u>	<u>38,747</u>

*Note:* Non-current assets excluded financial instruments and deferred tax assets.

#### 4. INCOME TAX CREDIT

	2023 HK\$'000	2022 HK\$'000
Current tax:		
Hong Kong profits tax	7	55
(Overprovision) underprovision in prior year:		
Hong Kong profits tax	<u>(1)</u>	<u>1</u>
Deferred tax	<u>6</u> <u>(319)</u>	<u>56</u> <u>(414)</u>
	<u>(313)</u>	<u>(358)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for the PRC enterprise income tax has been made as the Group has no assessable profit in the PRC.

The Group’s subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK\$6,000 (2022: HK\$10,000).

The income tax credit for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before taxation	<u>(25,463)</u>	<u>(6,735)</u>
Tax at Hong Kong Profits Tax rate of 16.5%	<b>(4,201)</b>	(1,111)
Tax effect of expenses not deductible for tax purposes	<b>3,132</b>	111
Tax effect of income not taxable for tax purposes	<b>(337)</b>	(17)
Tax effect of tax loss not recognised	<b>1,280</b>	628
Tax effect of deductible temporary difference not recognised	<b>115</b>	130
Utilisation of tax losses previously not recognised	<b>(149)</b>	(11)
(Overprovision) underprovision in prior year	<b>(1)</b>	1
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(146)</b>	(69)
Tax concessions	<u><b>(6)</b></u>	<u>(20)</u>
Income tax credit for the year	<u><b>(313)</b></u>	<u>(358)</u>

## 5. DIVIDENDS

The Directors do not recommend any dividend for the both years nor propose any dividend since the end of the reporting period.



## 6. LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share for the year	<u>(24,882)</u>	<u>(6,216)</u>
	<i>'000</i>	<i>'000</i> (Restated)
Number of shares: Number of ordinary shares for the purpose of calculating basic loss per share	<u>41,600</u>	<u>41,600</u>

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

The Company had no potentially dilutive ordinary shares in issue both years ended 31 March 2023 and 2022.

## 7. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivables	5,522	4,945
Less: Allowance for ECL	<u>(497)</u>	<u>(113)</u>
	5,025	4,832
Other receivables		
— Other receivables	950	1,088
— Prepayments	1,070	2,069
— Rental and utility deposits	<u>3,310</u>	<u>3,252</u>
Total accounts and other receivables	10,355	11,241
Less: Receivables within twelve months shown under current assets	<u>(8,875)</u>	<u>(9,511)</u>
Rental deposits and other receivables shown under non-current assets	<u>1,480</u>	<u>1,730</u>
Presented in the consolidated statement of financial position:		
— Rental deposits	<u>1,480</u>	<u>1,730</u>

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

The following is an aged analysis of accounts receivables based on the invoice date, which approximate the date of revenue recognition:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>3,142</b>	2,446
31 to 60 days	<b>1,636</b>	2,166
61 to 90 days	<b>190</b>	210
91 to 180 days	<b>57</b>	10
	<u><b>5,025</b></u>	<u>4,832</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past three years and adjusts for forward looking factors in calculating the ECL rates.

As at 31 March 2023, included in the Group's accounts receivables balance are debtors with aggregate carrying amount of HK\$247,000 (2022: HK\$220,000) which are past due as at the reporting date. Out of the past due balances, HK\$57,000 (2022: HK\$10,000) has been past due over 90 days or more and is not considered as in default. The directors of the Company are in the view that there have been no significant increase in credit risk nor default because of good repayment records for those customers and continuous business with the Group.

#### **8. ACCOUNTS AND OTHER PAYABLES AND CONTRACT LIABILITIES**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Accounts and other payables</b>		
Accounts payables	<b>8,153</b>	4,948
Other payables	<b>1,266</b>	1,231
Accrued expenses	<b>4,096</b>	3,181
	<u><b>13,515</b></u>	<u>9,360</u>

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

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

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>3,345</b>	1,846
31 to 60 days	<b>2,203</b>	2,936
61 to 90 days	<b>1,290</b>	55
91 to 120 days	<b>1,315</b>	111
	<u><b>8,153</b></u>	<u>4,948</u>
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Contract liabilities</b>		
Medical services	<b>947</b>	880
Medical solutions	<b>1,915</b>	1,603
Dental solutions	<b>2,552</b>	3,383
Dental services	<b>839</b>	1,582
	<u><b>6,253</b></u>	<u>7,448</u>

As at 1 April 2021, contract liabilities amounted to HK\$6,369,000.

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from medical solutions and dental services.

During the year ended 31 March 2023, HK\$6,489,000 (2022: HK\$5,197,000) has been recognised as revenue in the current year relating to contract liabilities at the beginning of the year, and management believed that the remaining will be recognised as revenue approximately within two years from 31 March 2023.

## 9. SHARE CAPITAL

	No. of shares	Amount HK\$
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2021, 31 March 2022 and 1 April 2022	5,000,000,000	50,000,000
Share consolidation ( <i>Note</i> )	<u>(4,800,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.25 each		
At 31 March 2023	<u>200,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2021, 31 March 2022 and 1 April 2022	1,040,000,000	10,400,000
Share consolidation ( <i>Note</i> )	<u>(998,400,000)</u>	<u>–</u>
Ordinary shares of HK\$0.25 each		
At 31 March 2023	<u>41,600,000</u>	<u>10,400,000</u>

*Note:*

### Share consolidation

Pursuant to the Extraordinary General Meeting of the Company passed on 11 August 2022 and the approval granted by the GEM Listing Committee of the Hong Kong Stock Exchange, the share consolidation set out below became effective on 15 August 2022.

Every twenty-five (25) issued and unissued shares of par value of HK\$0.01 each of the Company be consolidated into one (1) consolidated share of par value of HK\$0.25 in the capital of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

MediNet is one of the well-known corporate healthcare solution providers in Hong Kong for more than 26 years. We are principally engaged in the provision of medical and dental solutions to corporates and insurance companies. Based on the client's need, budget and scope of healthcare benefits desire, we provide customized, reliable, coordinated, comprehensive healthcare solutions for our contract customers. We also self-operated six dental clinics, two medical centres and one genetics laboratory centre in Hong Kong and one dental clinic in Shenzhen. Our goal is to help our clients to build a strong body and maintain their health while facing different goals and challenges in their everyday lives.

The Group's revenue was approximately HK\$110.4 million for FY2022/23, as compared with approximately HK\$121.1 million for FY2021/22, representing a decrease by approximately 8.8% or approximately HK\$10.7 million. The loss for the year attributable to owners of the Company was approximately HK\$24.9 million for FY2022/23 (FY2021/22: loss attributable to owners of the Company approximately HK\$6.2 million). The increase in loss was mainly due to the impairment loss recognised on goodwill.

While the Group recorded a loss for FY2022/23, the attendance of patients has gradually improved in March 2023 due to the resumption of cross-border travel between Hong Kong and China, and the covid social distancing restrictions being lifted since February 2023. Our management team will continue to strengthen our efforts in business development, seize opportunities to broaden our sources of income and carefully manage expenditure in order to create sustainable value to shareholder, client, staff and society.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 8.8% from approximately HK\$121.1 million for FY2021/22 to approximately HK\$110.4 million for FY2022/23. The following table sets forth a breakdown of the Group's revenue with comparative figures:

	FY2021/22 <i>HK\$'000</i>	FY2022/23 <i>HK\$'000</i>	%
Medical solutions to contract customers	29,339	<b>27,698</b>	<b>-5.6%</b>
Medical services to self-paid patients	17,528	<b>17,533</b>	<b>0.0%</b>
Dental solutions to contract customers	6,322	<b>7,113</b>	<b>12.5%</b>
Dental services to self-paid patients	67,879	<b>58,048</b>	<b>-14.5%</b>
	<u>121,068</u>	<u><b>110,392</b></u>	

The revenue of medical solutions to contract customers decreased by approximately 5.6% from approximately HK\$29.3 million for FY2021/22 to approximately HK\$27.7 million for FY2022/23, which was primarily due to the decrease of patients visiting our affiliated doctors and auxiliary services providers and the decrease in the number of contract customers.

The revenue of medical services to self-paid patients slightly increased by approximately HK\$5,000 for FY2022/23 as compared with FY2021/22.

The revenue of dental solutions to contract customers increased by approximately 12.5% from approximately HK\$6.3 million for FY2021/22 to approximately HK\$7.1 million for FY2022/23, which was mainly attributable to the increase in the number of contract customers and individuals for dental solutions services.

The revenue of dental services to self-paid patients decreased by approximately 14.5% from approximately HK\$67.9 million for FY2021/22 to approximately HK\$58.0 million for FY2022/23 which was primarily due to the decrease in the number of visits from patients seeking secondary dental services.

### Other income

Other income significantly increased from approximately HK\$1.2 million for FY2021/22 to approximately HK\$3.5 million for FY2022/23 which was mainly due to the additional income of approximately HK\$2.0 million from the employment support scheme of the Hong Kong Government to subsidise the salary payment of the Company.

### **Other gains and losses**

Other losses increased by approximately HK\$17.8 million from approximately HK\$138,000 for FY2021/22 to approximately HK\$17.9 million for FY2022/23 which was mainly due to the impairment losses recognised on goodwill of approximately HK\$17.6 million in FY2022/23.

### **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 within our MediNet Network; (ii) external dentists and doctors engaged by the Group; and (iii) third party laboratories for services rendered to the Group.

The Group's medical and dental professional services expenses decreased by approximately 2.3% from approximately HK\$43.9 million for FY2021/22 to approximately HK\$42.9 million for FY2022/23 which was in line with decrease in the Group's revenue.

### **Staff cost**

Staff cost decreased by approximately 11.1% from approximately HK\$42.5 million for FY2021/22 to approximately HK\$37.8 million for FY2022/23. The decreased was primarily due to the decrease in the number of staff during FY2022/23.

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

Depreciation of property, plant and equipment decreased by approximately 23.3% from approximately HK\$3.0 million for FY2021/22 to approximately HK\$2.3 million for FY2022/23.

### **Depreciation of right-of-use assets**

The depreciation of right-of-use assets decreased from approximately HK\$9.6 million for FY2021/22 to approximately HK\$9.4 million for FY2022/23.

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

Cost of medical and dental supplies decreased by approximately 7.7% from approximately HK\$11.7 million for FY2021/22 to approximately HK\$10.8 million for FY2022/23 which was primarily due to the decrease in the amounts of dental consumables to patients.

## **Rental expenses**

Rental expense increased by approximately HK\$0.8 million from approximately HK\$1.1 million for FY2021/22 to approximately HK\$1.9 million for FY2022/23 which was primarily due to rental payment for short-term leases under the adoption of HKFRS 16 where lease payments on short-term lease are recognized as expenses on a straight-line basis over the lease term.

## **Other expenses**

Other expenses primarily comprises (i) general overhead and administrative expenses such as repair and maintenance expenses, printing costs and insurance expenses etc; (ii) professional and legal fees; (iii) utilities expenses; and (iv) bank charges mainly relating to credit card and instalment charges from bank. Other expenses slightly decreased by approximately 4.1% from approximately HK\$14.8 million for FY2021/22 to HK\$14.2 million for FY2022/23. Such decrease was primarily due to the effective cost control implemented by the Group on general expenses.

## **Amortisation of intangible assets**

Amortisation of intangible assets remained unchanged of approximately HK\$1.6 million for FY2021/22 and FY2022/23.

## **Income tax credit**

The Group recorded income tax credit decreased from approximately HK\$358,000 for FY2021/22 to approximately HK\$313,000 for FY2022/23, primarily due to the decrease in tax assessable income.

## **Liquidity and financial resources**

As at 31 March 2023, the Group had total assets of approximately HK\$42.9 million (2022: approximately HK\$68.5 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$31.5 million (2022: approximately HK\$31.8 million) and approximately HK\$11.8 million (2022: approximately HK\$36.8 million), respectively.

The current ratio as at 31 March 2023 was approximately 0.9 time (2022: approximately 1.0 time).



## **Share Consolidation and change in board lot size**

Reference is made to the announcement of the Company dated 4 July 2022, the Board proposed that (i) every twenty-five (25) existing shares (“**Existing Shares**”) of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share (“**Consolidated Shares**”) of a par value of HK\$0.25 each in the share capital of the Company (the “**Share Consolidation**”); and (ii) subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will be changed from 10,000 Existing Shares to 4,000 Consolidated Shares.

The Share Consolidation was approved by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company (the “**EGM**”) held on 11 August 2022 and became effective on 15 August 2022. Upon completion of the Share Consolidation, the Company’s authorised share capital consists of 200,000,000 consolidated Shares of HK\$0.25 each. As at 31 March 2023, the Company’s issued share capital was approximately HK\$10,400,000 and the number of its issued Shares was 41,600,000 of HK\$0.25 each.

Details of the Share Consolidation were disclosed in the announcements of the Company dated 4 July 2022 and the circular of the Company dated 22 July 2022.

## **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2022/23. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group can meet its funding requirements from time to time.

## **Foreign exchange exposure**

Most of the revenue-generating operations of the Group were transacted in Hong Kong Dollars which is the presentation currency of the Group. The Group had not maintained any hedging policy against the foreign currency risk. However, the management will consider hedging significant currency exposure should the need arise.

## **Capital structure**

As at 31 March 2023, the Company's issued share capital was HK\$10,400,000 and the number of its ordinary shares was 41,600,000 of HK\$0.25 each.

## **Segment information**

Segmental information is presented for the Group as disclosed in note 3 to the consolidated financial statements in this announcement.

## **Significant investments held, future plans for material investments and capital assets**

The Group did not have other significant investment held, future plans for material investment and capital assets as at 31 March 2023.

### *Material acquisitions and disposal of subsidiaries, associated and joint ventures*

During FY2022/23, the Group did not have any material acquisition or disposal of subsidiaries, associated and joint ventures.

## **Contingent liabilities**

As at 31 March 2023, the Group did not have any material contingent liabilities (2022: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

The table below is a breakdown of the number of our full time/part-time employees, contract dentists and dental hygienists by functions as at 31 March 2022 and 31 March 2023:

	2022	2023
Director & Senior Management	8	<b>8</b>
Employed and Contract Dentists	19	<b>18</b>
Employed and Contract Dental Hygienists	4	<b>6</b>
Dental Nurses	35	<b>37</b>
Dental supporting staff	10	<b>9</b>
Medical Doctors	2	<b>1</b>
Medical Nurses	9	<b>10</b>
Medical supporting staff	3	<b>2</b>
Other supporting staff (Note)	15	<b>16</b>
PRC Dentists	2	<b>2</b>
PRC Nurses	4	<b>2</b>
PRC supporting staff	3	<b>1</b>
	<hr/>	<hr/>
Total	<u>114</u>	<u><b>112</b></u>

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

For FY2022/23, the relevant staff cost including Directors' remuneration in the form of salaries and other benefits was approximately HK\$37.8 million (FY2021/22: approximately HK\$42.5 million).

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

The remuneration packages of the Directors are reviewed by the remuneration committee of the Company (the “**Remuneration Committee**”) according to the relevant Directors’ experience, responsibility, workload and the time devoted to the Group and recommend to the Board from time to time the remuneration and compensation of the Directors and senior management of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the FY2022/23, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the FY2022/23 (FY2021/22: Nil).

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting will be held on 11 August 2023. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from 8 August 2023 to 11 August 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 17 Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 7 August 2023.

## **CORPORATE GOVERNANCE PRACTICE**

The Board is responsible for coordinating and supervising the Company and identifying its deviations so as to achieve the success of the Company. The Board has established board committees, and delegated their respective duties in accordance to the terms of references to board committees. Details of the respective committee’s terms of reference are available at the Company’s and the Stock Exchange’s websites. All Directors have carried out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Board reserves the discretion to decide on all major matters relating to policy matters, strategies and budgets, internal control and risk management, discloseable transactions and connected transactions, nomination of Directors and Company Secretary (or joint company secretaries) and other material financial and operation matters. All Directors contributed precious business experience, knowledge and professions to keep the Company functioning with high efficiency. All Directors can obtain comprehensive relevant materials and receive from the Company Secretary (or joint company secretaries) advice and services to ensure the Board procedures and all applicable laws, rules and regulations are followed.

The Board has delegated to the senior management the responsibility for the day-to-day management, administration and operation of the Group, the authorities delegated to managements are being reviewed regularly. The senior management has to be authorized before entering into any material transactions.

The Board is subject to code provision A.2.1 concerning corporate governance. The Board has reviewed and discussed the corporate governance policy of the Group, and was satisfied with the performance of the corporate governance policy.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules. During the FY2022/23, to the best knowledge of the Board, the Company has complied with the applicable code provisions set out in the CG Code except Code Provision C.2.1 in the CG Code — segregation of the roles of chairman and chief executive as the Board believes that the vesting of the roles of chairman and chief executive in Mr. Chan Chi Wai, Nelson is beneficial to the Group.

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

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard 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 as set out in the Model Code during the FY2022/23.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) on 19 May 2016 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and 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 comprises the three independent non-executive Directors, namely Mr. Leung Po Hon, Mr. Wong Wai Leung and Mr. Kwok Sze Chi. Mr. Leung Po Hon currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the audited financial results of the Group for the FY2022/23.

## **EVENT AFTER THE REPORTING PERIOD**

No significant events have taken place since the FY2022/23 to the date of this announcement.

## **APPRECIATION**

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

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

Hong Kong, 27 June 2023

*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 Mr. Kwok Sze Chi, Mr. Leung Po Hon and Mr. Wong Wai Leung.*