MediNet Group Ltd
醫匯集團有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
Stock Code 股份代號 : 8161

2025
Annual Report 年報

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 report, for which the directors (the "**Directors**") of MediNet Group Limited (the "**Company**" together with the subsidiaries, the "**Group**") 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 report 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 report misleading.*

This report will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its publication and the Company's website at www.MediNetGroup.com.

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BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chi Wai, Nelson *(Chairman)*
Ms. Jiang Jie

Independent non-executive Directors

Mr. Leung Po Hon
Mr. Wong Wai Leung
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)

AUDIT COMMITTEE MEMBERS

Mr. Leung Po Hon *(Chairman)*
Mr. Wong Wai Leung
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)

NOMINATION COMMITTEE MEMBERS

Mr. Leung Po Hon *(Chairman)*
Mr. Wong Wai Leung
Mr. Chan Chi Wai, Nelson
(resigned with effect from 27 June 2025)
Ms. Jiang Jie (appointed with effect from 27 June 2025)

REMUNERATION COMMITTEE MEMBERS

Mr. Wong Wai Leung *(Chairman)*
Mr. Leung Po Hon
Mr. Chan Chi Wai, Nelson

COMPLIANCE OFFICER

Mr. Chan Chi Wai, Nelson

COMPANY SECRETARY

Mr. Leung Man Fai
(resigned with effect from 2 January 2025)
Mr. Tse Fung Chun
(appointed with effect from 2 January 2025)

AUTHORISED REPRESENTATIVES

Mr. Chan Chi Wai, Nelson
Mr. Leung Man Fai
(resigned with effect from 2 January 2025)
Mr. Tse Fung Chun
(appointed with effect from 2 January 2025)

LEGAL ADVISER

As to Hong Kong Law
CLKW Lawyers LLP
Solicitors, Hong Kong

INDEPENDENT AUDITOR

D & PARTNERS CPA LIMITED
Certified Public Accountants

Registered Public Interest Entity Auditor
Room 2201, 22/F, West Exchange Tower
322 Des Voeux Road Central
Sheung Wan
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3601, 36/F, Citicorp Centre
18 Whitfield Road, Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre,
16 Harcourt Road, Hong Kong

PRINCIPAL BANKER

Nanyang Commercial Bank, Limited

COMPANY WEBSITE

www.MediNetGroup.com
(information on this website does not form part of this report)

STOCK CODE

8161

CHAIRMAN'S STATEMENT

Dear Shareholders,

2025 has been a year of significant opportunities and challenges as Hong Kong strengthens its position within the rapidly evolving Greater Bay Area. With the reopening of borders and deepening regional integration, we remain focused on leveraging Hong Kong's world-class healthcare standards, robust regulatory framework, and position as an innovation hub to reinforce our leadership in the medical industry.

Looking ahead, the Group faces a future that is both challenging and full of potential. We remain steadfast in our commitment to safeguarding and strengthening our core business operations while actively exploring opportunities to broaden our scope of services. These efforts are aimed at driving revenue growth and ensuring long-term sustainability. Simultaneously, the management team is dedicated to enhancing operational efficiency and maintaining cost-effectiveness. By optimizing resource allocation, streamlining operations, and leveraging strategic advantages, we aim to deliver greater value to patients and stakeholders.

As we navigate this competitive landscape, our commitment to excellence, sustainability, and community health remains unwavering.

On behalf of the Company, I extend my heartfelt gratitude to our shareholders, customers, business partners, and employees for their trust and support. Together, we will continue to drive progress, create meaningful impact, and seize the opportunities of this transformative era.

Chan Chi Wai, Nelson
Chairman

27 June 2025

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 28 years. We are principally engaged in the provision of medical and dental solutions to corporation 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-operate five dental clinics, two medical centres and one genetics laboratory centre in Hong Kong. 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$106.4 million for the year ended 31 March 2025 ("**FY2024/25**"), representing a decrease by approximately HK$9.8 million or 8.4% as compared with approximately HK$116.2 million for the year ended 31 March 2024 ("**FY2023/24**"). The profit for the year attributable to owners of the Company was approximately HK$8.1 million for FY2024/25 (FY2023/24: loss attributable to owners of the Company approximately HK$8.1 million). The turnaround to profitability was largely attributable to a gain of about HK$12.8 million from the sale of Master Clever Limited, one of our dental subsidiaries, after factoring in the fair value of consideration. Furthermore, we achieved a decrease in medical and dental supply costs, approximately HK$3.5 million, due to effective cost control measures and the disposal of Master Clever Limited, which helped reduce overall supply expenses.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 8.4% from approximately HK$116.2 million for FY2023/24 to approximately HK$106.4 million for FY2024/25. The following table sets forth a breakdown of the Group's revenue by revenue segment with comparative figures:

	FY2023/24 HK$'000	**FY2024/25** **HK$'000**	%
Medical solutions to contract customers	40,361	**42,533**	**5.2%**
Medical services to self-paid patients	25,176	**22,981**	**–8.7%**
Dental solutions to contract customers	5,525	**4,521**	**–18.2%**
Dental services to self-paid patients	45,186	**36,355**	**–19.5%**
	116,248	**106,390**	

The revenue of medical solutions to contract customers increased by approximately 5.2% from approximately HK$40.4 million for FY2023/24 to approximately HK$42.5 million for FY2024/25, which was primarily due to the increase of patients visiting our affiliated doctors and auxiliary services providers and the increase in the number of contract customers.

The revenue of medical services to self-paid patients decreased by approximately 8.7% from approximately HK$25.2 million for FY2023/24 to approximately HK$23.0 million for FY2024/25 which was primarily due to the decrease 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 18.2% from approximately HK$5.5 million for FY2023/24 to approximately HK$4.5 million for FY2024/25, which was mainly attributable to the decrease in the number of contract customers and individuals for dental solutions services.

The revenue of dental services to self-paid patients decreased by approximately 19.5% from approximately HK$45.2 million for FY2023/24 to approximately HK$36.4 million for FY2024/25 which was primarily due to the disposal of Master Clever Limited and it resulted in to the decrease in the number of visits from patients seeking secondary dental services.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income increased from approximately HK$561,000 for FY2023/24 to approximately HK$878,000 for FY2024/25 which was mainly due to the additional government grants of approximately HK$139,000 related to Technology Voucher Programme provided by the Hong Kong Government and the additional rental income of approximately HK$131,000 in FY2024/25.

Other gains and losses

Other losses decreased by approximately HK$1.4 million from approximately HK$2.6 million for FY2023/24 to approximately HK$1.2 million for FY2024/25 which was mainly due to the absence of the impairment losses recognised on goodwill in FY2024/25 as compared with FY2023/24.

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 network of affiliated clinics, medical centres, dental clinics and affiliated auxiliary service providers (the "**MediNet Network**"); (ii) external dentists and doctors engaged by the Group; and (iii) third party laboratories for services provided to the Group.

The Group's medical and dental professional services expenses decreased by approximately 9.9% from approximately HK$50.3 million for FY2023/24 to approximately HK$45.3 million for FY2024/25 which was in line with the decrease in the Group's revenue.

Staff cost

Staff cost slightly decreased by approximately 0.8% from approximately HK$37.2 million for FY2023/24 to approximately HK$36.9 million for FY2024/25. The decrease was primarily due to the decline of the employees salary level in average during FY2024/25.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by approximately 23.5% from approximately HK$1.7 million for FY2023/24 to approximately HK$1.3 million for FY2024/25.

Depreciation of right-of-use assets

The depreciation of right-of-use assets decreased from approximately HK$8.0 million for FY2023/24 to approximately HK$7.5 million for FY2024/25.

Cost of medical and dental supplies

Cost of medical and dental supplies decreased by approximately 37.2% from approximately HK$9.4 million for FY2023/24 to approximately HK$5.9 million for FY2024/25 which was primarily due to the effective implementation of cost control measures and the disposal of Master Clever Limited, one of our dental business subsidiaries which contributed to lower overall supply costs.

Rental expenses

Rental expenses decreased by approximately HK$0.1 million from approximately HK$0.9 million for FY2023/24 to approximately HK$0.8 million for FY2024/25 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 recognised as expenses on a straight-line basis over the lease term.

Other expenses

Other expenses primarily comprise (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 decreased by approximately 11.4% from approximately HK$14.0 million for FY2023/24 to HK$12.4 million for FY2024/25. Such decrease was primarily due to the effective cost control implemented by the Group on general expenses.

Finance costs

Due to adoption of HKFRS 16, the Group recorded finance costs amounted to approximately HK$655,000 and HK$660,000 for FY2024/25 and FY2023/24 respectively.

Income tax expense

The Group recorded income tax expense of approximately HK$33,000 for FY2024/25 (FY2023/24: approximately HK$105,000), which was primarily due to the decrease in tax assessable income.

Liquidity and financial resources

As at 31 March 2025, the Group had total assets of approximately HK$51.7 million (2024: approximately HK$42.0 million), which is financed by total liabilities and equity attributable to owners of the Company (comprising share capital and reserves) of approximately HK$40.5 million (2024: approximately HK$38.8 million) and approximately HK$11.6 million (2024: approximately HK$3.6 million), respectively.

The current ratio as at 31 March 2025 was approximately 0.7 times (2024: approximately 0.8 times).

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2024/25. 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 2025, 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. The Company did not have any treasury shares as at 31 March 2025.

Segment information

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

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 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposal of subsidiaries, associated and joint ventures

Disposal of the entire issued share capital of Master Clever Limited

On 9 January 2025, MediNet (BVI) Limited as vendor, a wholly-owned subsidiary of the Company and Dr. Chiu Chong Po, Kenny as purchaser (the "**Purchaser**"), entered into the agreement date 9 January 2025 in relation to the sale and purchase of the entire issued share capital of Master Clever Limited (the "**Target Company**") at the total consideration of HK$14,400,000. The Target Company 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 Purchaser was one of the directors of the Target Company and therefore was a connected person of the Company at subsidiary level. As the highest applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the disposal exceeds 25% but is under 75%, the disposal constituted a major and connected transaction at subsidiary level.

The disposal was completed on 19 February 2025. Upon completion, the Target Company ceased to be an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company have no longer been consolidated into the accounts of the Company.

For further details, please refer to (i) the announcement dated 9 January 2025; and (ii) the circular dated 26 March 2025 in relation to the disposal.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associated and joint ventures during FY2024/2025.

Contingent liabilities

As at 31 March 2025, the Group did not have any material contingent liabilities (2024: 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 2024 and 31 March 2025:

	2024	**2025**
Director & Senior Management	8	**9**
Employed and Contract Dentists	19	**15**
Employed and Contract Dental Hygienists	6	**3**
Dental Nurses	38	**19**
Dental supporting staff	7	**4**
Medical Doctors	2	**3**
Medical Nurses	10	**9**
Medical supporting staff	3	**3**
Other supporting staff (Note)	16	**16**
PRC Dentists	2	**–**
PRC Nurses	2	**–**
PRC supporting staff	1	**1**
Total	114	**82**

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

For FY2024/25, the relevant staff cost including Directors' remuneration in the form of salaries and other benefits was approximately HK$36.9 million (FY2023/24: approximately HK$37.2 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Reputation Risk

Doctors, dentists and affiliated doctor and auxiliary in our Group, could become the subject to claims, complaints, regulatory or professional investigations arising from medical or dental disputes or malpractice allegations brought by customers, which may harm the Group's business, result of operations, financial conditions, brand and reputation.

Compliance Risk

Our business operations, doctors, dentists and affiliated doctor in our Group in Hong Kong and PRC are subject to extensive law, regulations and licensing requirement, any failure to comply with such regulation or law could result in penalties or harm the Group's business results of operations, financial conditions, brand and reputation.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

DIRECTORS

Executive Directors

Mr. Chan Chi Wai, Nelson *(Chairman)*
Ms. Jiang Jie

Independent Non-executive Directors

Mr. Leung Po Hon
Mr. Wong Wai Leung
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)

Board of Directors

The Board currently consists five Directors comprising two executive Directors and three independent non-executive Directors. The responsibilities of Directors include but are not limited to (i) convening general meeting, reporting on the Board's work at these meeting, implementing the Shareholders' resolutions passed at these meeting; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating the proposals for profit distributions and for the increase or reduction of registered capital; and (v) taking responsibilities pursuant to the relevant laws, regulation and the articles and association of the Company (the "**Articles of Association**").

Executive Directors

Mr. CHAN Chi Wai, Nelson (陳志偉), aged 68, is the chairman of the Board, an executive Director, our compliance officer and one of the controlling shareholders of the Company. He is responsible for the overall business development and financial and strategic planning of the Group. He was appointed as a Director on 20 August 2015 and was re-designated as our executive Director, chairman of the Board and compliance officer on 19 May 2016. He is also a director of all of the subsidiaries of the Company.

Mr. Chan has more than 36 years of experience in the corporate medical and dental solutions industry in Hong Kong. Prior to founding the Group in 1994, Mr. Chan had been employed by Bupa Ltd (at which his last position was manager) from 1983 to 1988 and HSBC Medical Insurance Limited (formerly known as Carlingford Medical Insurance Limited) (at which his last position was Medical Insurance Consultant) from 1989 to 1993. Mr. Chan received a Master of Business Administration from Buckinghamshire New University in February 2017 through distance learning. Mr. Chan is the spouse of Ms. Jiang Jie, an executive Director.

As at 31 March 2025, Mr. Chan is interested in 23,400,000 Shares, representing 56.25% of the entire issued share capital of the Company. Save as disclosed, Mr. Chan does not have any interest or short position 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. JIANG Jie (姜洁), aged 43, is an executive Director and is principally responsible for our business development and customer relationship management. Ms. Jiang was appointed as a Director on 20 August 2015 and was re-designated as our executive Director on 19 May 2016. She is also a director of all of the subsidiaries of the Company, except for Well Being Dental Services Limited and Master Clever Ltd.

Ms. Jiang attended Shandong Province Qingdao The 16th Secondary School (山東省青島第十六中學) in the PRC from September 1994 to July 1997 and obtained a certificate of graduation (畢業證書) in July 1997. She also attended Shandong Province Wuzi School (山東省物資學校) (which was merged into University of Jinan (濟南大學) in April 2001) in the PRC from September 1997 to July 2000 with a major in corporate management (企業管理) and obtained a certificate of graduation (畢業證書) from it in July 2000.

Ms. Jiang joined the Group in September 2009 and has since then accumulated more than 11 years of experience in the operation of the Group. Since joining the Group, Ms. Jiang has been in charge of our business development and customer relationship management, including but not limited to the liaison with existing and potential customers as well as other business development activities such as our corporate websites operation and the distribution of brochures and pamphlets in our MediNet Centres and dental clinics. Ms. Jiang is the spouse of Mr. Chan.

As at 31 March 2025, Ms. Jiang is deemed to be interested in 23,400,000 Shares, representing 56.25% of the entire issued share capital of the Company. Save as disclosed, Ms. Jiang does not have any interest or short position 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.

Each of Mr. Chan and Ms. Jiang has entered into a service contract with the Company and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Independent Non-executive Directors

Mr. LEUNG Po Hon (梁寶漢), aged 61, was appointed as an independent non-executive Director on 19 May 2016. Mr. Leung is currently a practicing accountant. Mr. Leung was admitted as a member of the HKICPA in January 1993 and a fellow member of the Association of Chartered Certified Accountants since January 1997.

Mr. Leung graduated from The Hong Kong Polytechnic University with a Professional Diploma in Accountancy in November 1987. He also obtained a Master's degree of Business Administration from University of Bradford, the United Kingdom in December 1990. Mr. Leung has more than 30 years of experience in accounting, auditing and financial management.

Mr. Leung previously held the following positions in companies listed on the Stock Exchange:

Company	Stock code	Position previously held by Mr. Leung	Appointment date	Resignation date
Fengyinhe Holdings Limited (formerly known as Flying Financial Service Holdings Limited)	8030	Independent non-executive director	15 August 2014	19 November 2020
Prosperity Group International Limited (formerly known as Kingbo Strike Limited)	1421	Independent non-executive director	13 November 2015	19 January 2024

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. WONG Wai Leung (黃偉樑), aged 47, was appointed as an independent non-executive Director on 19 May 2016. Mr. Wong is currently an executive director, the chief financial officer and company secretary of Qinqin Foodstuffs Group (Cayman) Company Limited, a company principally engaging in the manufacturing, distribution and sale of food and snacks products in the PRC, since March 2016 up to the present and is responsible for corporate development, investment, accounting and financial matters. He is also a director of Lianjie Sports Investments Limited, a private company which manages investments and trusts for a family office. He was previously employed by Ernst & Young Hong Kong from September 2000 to August 2009. He has been a member of the HKICPA since July 2004 and a fellow member of the Association of Chartered Certified Accountants since September 2010.

Mr. Wong received a Bachelor of Business Administration degree from The Hong Kong University of Science and Technology in Hong Kong in November 2000. He has over 20 years of experience in accounting, auditing and financial management.

Mr. Wong currently holds the following position in company listed on the Stock Exchange:

Company	Stock code	Position currently held by Mr. Wong	Appointment date
Qinqin Foodstuffs Group (Cayman) Company Limited	1583	Executive director	22 March 2016

Mr. Wong previously held the following positions in companies listed in stock exchange:

Company	Stock Code	Position previously held by Mr. Wong	Appointment Date	Resignation Date
Zhongchang International Holdings Group Limited	859	Independent non-executive director	13 May 2020	21 May 2021
Data Union Capital International Holdings Group Limited (formerly known as Vertical International Holdings Limited)	8375	Independent non-executive director	24 October 2017	27 February 2025

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. NG Wai Hung (吳偉雄), aged 61, has been appointed as an independent non-executive Director with effect from 2 July 2024. Mr. NG graduated from the University of Hong Kong with a bachelor's degree in laws in 1987. Mr. NG is a practising solicitor and a partner at Iu, Lai & Li Solicitors & Notaries in Hong Kong. Mr. NG practices in the areas of securities law, corporate law and commercial law in Hong Kong.

Mr. Ng currently holds the following positions in companies listed on the Stock Exchange:

Company	Stock Code	Position currently held by Mr. Ng	Appointment Date
Lajin Entertainment Network Group Limited	8172	Independent non-executive director	19 March 2015
Xinyi Electric Storage Holdings Limited	8328	Independent non-executive director	25 June 2016

Mr. Ng previously held the following positions in companies listed on stock exchange:

Company	Stock Code	Position previously held by Mr. Ng	Appointment Date	Resignation Date
1957 & Co. (Hospitality) Limited	8495	Independent non-executive director	6 November 2017	19 August 2022
Winshine Science Company Limited	209	Independent non-executive director	20 May 2019	16 June 2023
Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited)	550	Non-executive director	24 September 2023	8 July 2024
New Sparkle Roll International Group Limited	970	Independent non-executive director	21 June 2024	12 June 2025
Coolpad Group Limited	2369	Non-executive director	19 January 2018	7 June 2025

Each of our independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our independent non-executive Directors is appointed with an initial term of three years subject to termination in certain circumstances as stipulated in relevant letters of appointment.

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Senior management

The following are the senior management team of the Group:

Ms. LI Christine (李依皓), aged 51, is our general manager and is primarily responsible for the overall management of the Group's day-to-day operations and the implementation of our business strategies. She joined our Group in August 1995 and has since then accumulated more than 29 years of experience in the operation of the Group. Ms. Li has received a degree of Bachelor of Social Science from the Chinese University of Hong Kong in December 1995. She has not held any directorships in any public listed companies in the past three years.

Dr. WONG Siu Kay (黃兆基), aged 54, is one of our dentists and a director of Well Being Dental Services Limited and Master Clever Limited. He is primarily responsible for the operation of our dental clinics and the provision of dental services. He joined the Group in July 1997 and has since then accumulated more than 27 years of experience in the operation of the Group. He has been a Registered Dental Practitioner since August 1996. Dr. Wong obtained a degree of Bachelor of Dental Surgery from The University of Hong Kong in November 1996. He has not held any directorships in any public listed companies in the past three years.

Company Secretary

Mr. Tse Fung Chun (謝逢春), aged 36, was appointed as the company secretary of the Company (the "**Company Secretary**") on 2 January 2025. Mr. Tse graduated with a Bachelor's degree in Accounting from University of Queensland in Australia in 2011. He is a certified public accountant of The Hong Kong Institute of Certified Public Accountants and CPA Australia and a chartered management accountant of the Chartered Institute of Management Accountants. Mr. Tse has over eleven years of experience in auditing, accounting and corporate governance. Mr. Tse is a shareholder of Tripital Corporate Services Limited, a company incorporated in Hong Kong and holds a trust or company service provider licence pursuant to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). He is also currently the company secretary and an authorised representative of King Stone Energy Group Limited, a company whose shares are listed on Main Board of the Stock Exchange (Stock Code: 663) since April 2023 and the company secretary and an authorised representative of Mansion International Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8456) since April 2022.

Mr. Tse was previously an executive director, the company secretary, the compliance officer, an authorised representative and the process agent of WLS Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8021) from August 2020 to May 2023 and the company secretary, an authorised representative and the process agent of Trendzon Holdings Group Limited, a company whose shares are listed on the Main Board of Stock Exchange (Stock Code: 1865) from September 2020 to September 2023.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the corporate governance report of the Group for the FY2024/25.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

INTRODUCTION

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders of the Company;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company's corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

CORPORATE GOVERNANCE REPORT

Throughout the year ended 31 March 2025, the Company has complied with the code provisions as set out in the CG Code except the deviation from code provision C.2.1 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. The Board considers that the current structure facilitates the implementation of the Group's business strategies and maximises the effectiveness of the Group's operation. The Company will review the structure of management from time to time and will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group. In respect of the non-compliance with Rule 19.07 of the GEM Listing Rules, the Company has issued the announcement on 6 December 2024 in relation to the tenancy agreements entered into by the Group setting out the details of the discloseable transactions and the remedial actions and measures with a view to preventing the re-occurrence of similar incidents in the future. For further details, please refer to the section headed "REPORT OF THE DIRECTORS — COMPLIANCE WITH LAWS AND REGULATIONS" in this report.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

BOARD OF DIRECTORS

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, knowledges 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.

Board Composition

The Board currently comprises five Directors, of which two are executive Directors, and three are independent non-executive Directors. The composition of the Board during the year ended 31 March 2025 and up to the date of this report is as follows:

Executive Directors

Mr. Chan Chi Wai, Nelson *(Chairman)*
Ms. Jiang Jie

Independent non-executive Directors

Mr. Leung Po Hon
Mr. Wong Wai Leung
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)

The biographical details of the Directors and their relationship (if any) are set out in the section headed "Directors and Senior Management Profile" on pages 10 to 14 of this report.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. Independent non-executive directors are also listed out in all corporate communications issued by the Company pursuant to the GEM Listing Rules. The Company should maintain on its website and on the Stock Exchange's website an updated list of directors identifying their role and function and whether they are independent non-executive directors.

Save as disclosed in this annual report, as far as the Company has knowledge, there is no relationship (including financial, business, family or other material relationship(s)) among the Board members.

During FY2024/25, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, accounting for at least one third of Board, with at least one independent non-executive director possessing the appropriate professional qualifications, accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. According to the guidelines set out in the Rule 5.09 of GEM Listing Rules, the Company has received written confirmation from each of the independent non- executive Directors in respect of their independence. The Company considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the GEM Listing Rules.

Appointment and re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition, considering and formulating the relevant procedures for nomination and appointment of Directors and monitoring the appointment and succession planning of Directors and assessing the independence of the independent non-executive directors.

Code provision B.2.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Nomination Committee took into consideration criteria such as difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board when considering the appointment of new Directors. Currently, all Directors are appointed for a specific term of three years.

Pursuant to Article 83(3) of the Articles of Association, the Board shall have power from time to time and at any time to appoint any persons as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

In addition, pursuant to Article 84(1) of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Ms. Jiang Jie and Mr. Wong Wai Leung will retire from office at the AGM and, being eligible, offer themselves for re-election.

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 FY2024/25.

Board Meeting, General Meeting and Procedures

Attendance and Number of Board meetings

Pursuant to the code provision C.5.1 of the CG Code, the Board meeting should be held at least four times a year at approximately quarterly intervals. Regular Board meetings will normally involve the active participation, either in person or through electronic means of communications of a majority of Directors entitled to be present.

The attendance of the Directors at the general meeting of the Company, meetings of Board, the audit committee of the Company (the "**Audit Committee**"), the remuneration committee of the Company (the "**Remuneration Committee**") and the Nomination Committee during the year are set out below:

Director	Number of meetings attended/held General meeting	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting
Executive Directors					
Mr. Chan Chi Wai, Nelson	1/1	8/8	N/A	2/2	2/2
Ms. Jiang Jie	0/1	8/8	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Leung Po Hon	1/1	8/8	2/2	2/2	2/2
Mr. Wong Wai Leung	1/1	8/8	2/2	2/2	2/2
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)	N/A	1/2	1/1	N/A	N/A
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)	1/1	5/6	1/1	N/A	N/A

Practices and Guidelines of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance. The Company has arrangement to ensure that the Directors have opportunity to propose matters to be discussed into the meeting agenda.

Notice of regular Board meetings are normally served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board documents together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meetings to keep the Directors apprised of the latest development and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attend all regular Board meeting and where necessary, other Board and committee meeting to advise on business developments, financial and accounting matters, regulatory compliance matters, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Minutes of Board meetings and meetings of committees should record in sufficient detail the matters considered and decision reached, including any concerns raised by Directors or dissenting views expressed. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Director's inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE

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.

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognizes and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

During the Reporting Period, the Group has appointed five Director, one of which was female. The Nomination Committee was of the opinion that the Board consists of members with diversity gender, age, education background, professional/ business experience, skill and knowledge. Among all employees of the Group, male employees account for 28.0% and female employees account for 72.0%. The Group believes that the gender ratio of employees is within the reasonable range.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Designation	Gender	Age
Executive Directors: 2 Directors Independent Non-executive Directors: 3 Directors	Male: 4 Directors Female: 1 Director	41–50: 2 Directors 61–70: 3 Directors

At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate and on a regular basis, to ensure its effectiveness.

BOARD COMMITTEES

The Board established three committees namely the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the Group's affairs. Each of the three committee has its defined scope of duties and terms of reference.

The majority of members of the Audit Committee, the Nomination Committee and the Remuneration Committee are independent non-executive Directors.

The Board committees have sufficient resources to perform its duties and are able to seek independent professional advice in appropriate circumstances at the Company's expense.

AUDIT COMMITTEE

The Company established 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. Ng Wai Hung. Mr. Leung Po Hon currently serves as the chairman of the Audit Committee.

During the FY2024/25, the Audit Committee held 2 meetings to consider and approve the following:

(i) to review the half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting;

(ii) to discuss the effectiveness of the internal control systems throughout the Group, including financial, operational and compliance controls, and risk management; and

(iii) to review the accounting principles and practices adopted by the Group and other financial reporting matters.

The Group's consolidated financial results for the year ended 31 March 2025 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 19 May 2016 and has formulated its written terms of reference by reference to the CG Code.

The Nomination Committee has three members, an executive Director, namely Mr. Chan Chi Wai, Nelson (resigned on 27 June 2025), Ms. Jiang Jie (appointed on 27 June 2025) and two independent non-executive Directors, namely Mr. Leung Po Hon and Mr. Wong Wai Leung. Mr. Leung Po Hon currently serves as the chairman of the Nomination Committee. The principal duties of the Nomination Committee include, among other things:

— to nominate the Director having regard to the Director's contribution and perform;

— to determine on an annual basis whether or not a Director is independent;

— to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

— to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director; and

— to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval.

The Nomination Committee has adopted a nomination policy (the "**Nomination Policy**") which sets out the procedures and criteria for the selection, appointment and reappointment of Directors. In evaluating and selecting a candidate for directorship, the Nomination Committee has to consider, among others, character and integrity, willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee of the Company, diversity including but not limited to gender, age, cultural and education background, professional experience, skills, knowledge and length of services of the Board at least annually and assist the Board in maintaining a board skills matrix; and such other relevant factors that the Nomination Committee may consider appropriate.

The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

During the FY2024/25, the Nomination Committee held 2 meetings to consider and approve the following:

(i) to review the structure, size and composition of the Board;

(ii) to assess the independence of independent non-executive Directors;

(iii) to re-elect Mr. Chan Chi Wai Nelson, Mr. Leung Po Hon and Mr. Ng Wai Hung as Directors at the 2024 annual general meeting of the Company; and

(iv) to recommend the appointment of Mr. Ng Wai Hung as an independent non-executive Director to the Board.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 19 May 2016 and has formulated its written terms of reference in compliance with the GEM Listing Rules. The Remuneration Committee has three members, an executive Director, namely Mr. Chan Chi Wai, Nelson and two independent non-executive Directors, namely Mr. Leung Po Hon and Mr. Wong Wai Leung and Mr. Wong Wai Leung currently serves as the chairman of Remuneration Committee.

The primary duties of the Remuneration Committee are (among other things) (i) to make recommendation to the Board the terms of remuneration packages, bonuses and other compensation (including benefits in kind, pension rights and compensation payments, or any compensation payable for loss or termination of their office or appointment) payable to the Directors and senior management; (ii) to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management; (iii) to assess performance of the executive directors and approve the terms of the service contracts of the Directors; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

For the FY2024/25, the Remuneration Committee held 2 meetings to consider and approve the remuneration of the Directors and senior management.

Remuneration paid to Directors and senior management of the Company for the FY2024/25 by band are as follows:

Remuneration band (HK$)	Number of individuals
Under HKD500,000	3
HKD500,001–HKD1,000,000	1
HKD1,500,001–HKD2,000,000	2
HKD3,500,000–HKD4,000,000	1

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that the Directors keep abreast of the relevant industry knowledge and skills as well as regulatory updates.

The Directors are regularly briefed on the latest changes and development of the GEM Listing Rules, corporate governance practices and other regulatory regime with written materials, as well as attending seminars on the professional knowledge and the latest development of the regulatory requirements related to director's duties and responsibilities.

All Directors participated in continuous professional developments in relation to regulatory update, the duties and responsibilities of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminars to develop professional skills.

According to the records provided by the Directors, a summary of training received by the Directors during FY2024/25 is as follows:

Director's Name	Type of training (Note)
Executive Directors	
Mr. Chan Chi Wai, Nelson	A, B
Ms. Jiang Jie	A, B
Independent non-executive Directors	
Mr. Leung Po Hon	A, B
Mr. Wong Wai Leung	A, B
Mr. Ng Wai Hung	A, B

Note: Types of training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publication.

COMPANY SECRETARY

Mr. Tse Fung Chun has been appointed as the Company Secretary with effect from 2 January 2025. He is responsible for ensuring a good information flow within the Board and the compliance of the Board policy and procedures.

Mr. Tse Fung Chun undertook totally not less than 15 hours of relevant professional training requirements under Rule 5.15 of the GEM Listing Rules during FY2024/25.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the financial statements for the FY2024/25.

The Board is responsible to present a balanced, clear and understandable assessment in the Company's annual and interim report, price-sensitive announcement and other financial disclosures required under the GEM Listing Rules and other requirements from relevant regulations.

Senior management provides explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining the internal control and risk management systems of the Group and for reviewing their effectiveness. The Board is committed to implementing effective and sound internal control and risk management systems to safeguard the interests of shareholders and the Group's assets. As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget. Moreover, the Board has employed an independent firm of professionals, BT Corporate Governance Limited ("**BTCG**"), to conduct an annual review of the systems of internal control and risk management of the Group which covered all relevant financial, operational and compliance controls within an established framework.

The Group's internal control and risk management systems are designed in consideration of the nature of business as well as the organisation structure of the Group as a whole. The systems are designed to manage rather than eliminate the risk of failure in operational systems and to provide reasonable, but not absolute, assurance against material misstatement or loss. The systems are further designed to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, maintain efficiency of operations and ensure compliance with applicable laws and regulations.

An internal control review report and an enterprise risk assessment report issued by BTCG were tabled before the members of the Audit Committee during the Audit Committee meeting held on 27 June 2025. The principal purposes of the internal control review and the enterprise risk assessment carried out by BTCG were to obtain sufficient knowledge and understanding about the attitude, awareness and actions of management and the Board concerning the factors of the control environment and risk management mechanism. Based on the findings and comments by BTCG and the Audit Committee, the Board considered the internal control and risk management systems effective and adequate and was of the opinion that there were no significant areas of concern that might affect the Company's shareholders.

The Company will continue to engage external independent professionals to review the Group's systems of internal control and risk management annually and further enhance the Group's systems as appropriate.

The Group has established internal control procedures which aim at providing the directors and relevant employees with guidelines on assessing, reporting and disseminating inside information in addition to keeping confidentiality of the inside information. Inside information is disseminated to relevant persons on a need-to-know basis, and the Group reviews the existing policy and practice from time to time to ensure full compliance with the regulatory requirements.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Audit Committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

ROLE OF COMPLIANCE OFFICER

Mr. Chan Chi Wai Nelson is the chairman of the Board, an executive Director and the compliance officer of the Company. His biographical details are set out on page 10 of this report.

The compliance officer is responsible for establishing a formal mechanism for risk assessment and management, monitoring the effectiveness of the Company's internal control system and procedures and assessing the remediation status.

EXTERNAL AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor.

During the FY2024/25, the Company engaged D & PARTNERS CPA Limited (the "**D&P**") as the external auditor.

The remuneration paid or payable to the Company's auditor, Messrs. D & PARTNERS CPA Limited as set out as follows:

Services rendered	Paid/payable fee HK$'000
Audit services	
— Audit services in connection with the consolidated financial statements	450
Non-audit services	
— Review of interim condensed consolidated financial statements	150
— Major transaction in relation to the disposal of the entire issued share capital of Master Clever Limited	70
	670

DIVIDEND POLICY

The Company has adopted a dividend policy with effect from 1 January 2019. Pursuant to the dividend policy, the Board shall take into account, inter alia, the following factors in deciding whether to propose a dividend and in determining the dividend amount:

(i) the operating results and financial condition of the Group;

(ii) the Group's liquidity position;

(iii) the Group's capital requirement for business operations and future development;

(iv) the retained earnings and distributable reserves of the Group;

(v) the shareholders' expectation and industry's norm;

(vi) the general market conditions; and

(vii) any other factors that the Board may consider appropriate.

Declaration and payment of dividend by the Company is also subject to the laws of the Cayman Islands, the Articles of Association and any applicable laws, rules and regulations.

The dividend policy will continue to be reviewed from time to time by the Board and there can be no assurance that any dividend will be proposed or declared in any given period.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Articles of Association, any shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an extraordinary general meeting (the "**EGM**") to be called by the Board. The written requisition (i) must state the purposes of the EGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

If the Board does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene an EGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene an EGM, but any EGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. An EGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any EGM to be convened by the Board.

Right to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his or her proposal (the "**Proposal**") with his or her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

Right to make enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at Unit 3601, 36/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

CONSTITUTIONAL DOCUMENTS

During the FY2024/25, there had been no significant change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company has in place a shareholders' communication policy (the "**Shareholders' Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the GEM Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the half-year report and, where applicable, its summary half-year report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkexnews.hk) in a timely manner as required by the GEM Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the GEM Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the GEM Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the GEM Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.medinetgroup.com).

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the GEM Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the following:

Address: Unit 3601, 36/F., Citicorp Centre,
18 Whitfield Road, Causeway Bay
Hong Kong
Email: ir@medinetgroup.com
Fax: (852) 2571 3071

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.MediNetGroup.com to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at the date of this report, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditor's Report" of this report.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of corporate medical and dental solutions to contract customers through the design and administration of tailored medical and/or dental benefits plans to provide the provision of different combinations of medical and/or dental services through the MediNet Network and/or our own operated MediNet Centres and dental clinics.

BUSINESS REVIEW

A review of the business of the Group during FY2024/25 with an analysis of the Group's performance using financial key performance indicators and outlook are provided in "Management Discussion and Analysis" on page 5. Description of the risk management and internal control can be found in "Corporate Governance Report" on page 15 to page 28.

FINANCIAL REVIEW

A summary of the published results and of the assets and liability of the Group for the last five years is set out on page 112.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimize its impact on the environmental so we encourage our staff not only to save water and electricity consumption and also recycle of office supplies and other materials. The environmental policies and performance are provided in "Environmental, Social and Governance Report" which will be published separately.

COMPLIANCE WITH LAWS AND REGULATIONS

On 27 May 2024, MediNet Services Limited, an indirect subsidiary of the Company as tenant, had entered into a tenancy agreement with Palawan Investments Inc., as landlord in respect of the lease of the premises at the monthly rent of HK$127,800.00 (exclusive of rates, management and air-conditioning charges and other outgoings) for a term of three (3) years commencing on 20 April 2024 and expiring on 19 April 2027, both days inclusive. The premises was used to be the head office of the Group in Hong Kong and it is located at Unit 3601 on 36th Floor of Citicorp Centre, 18 Whitfield Road, Hong Kong.

On 1 August 2024, Men's Health Solutions Limited and Medinet Health Centre Limited, both being indirect subsidiaries of the Company as co-tenants, had entered into a tenancy agreement with Bright Sky Enterprises Limited ("**Bright Sky**") as landlord in respect of the lease of the premises (the "**Central Premises (I)**"), located at Unit 601 on the 6th Floor of No.10 Pottinger Street and No.18 Li Yuen Street West, Central, Hong Kong, at the monthly rent of HK$34,910.00 (exclusive of government rates, management fees and air-conditioning charges) for a term of two (2) years commencing on 15 July 2024 and expiring on 14 July 2026, both days inclusive. On 1 August 2024, Well Being Dental Services Limited, an indirect subsidiary of the Company as tenant, had entered into a tenancy agreement with Bright Sky as landlord in respect of the lease of the premises (the "**Central Premises (II)**"), located at 13th Floor of No.10 Pottinger Street and No.18 Li Yuen Street West, Central, Hong Kong, at the monthly rent of HK$69,784.00 (exclusive of government rates, management fees and air-conditioning charges), for a term of two years commencing on 15 July 2024 and expiring on 14 July 2026, both days inclusive. The Central Premises (I) is used for the operation of men's health centre and the Central Premises (II) is used for the operation of dental centre, both are core medical services rendered by the Group.

Pursuant to HKFRS 16, the entering into of the tenancy agreement by the tenant will require the Group to recognise the right-of-use asset in its consolidated statement of financial position. Therefore, the entering into of the tenancy agreement will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 19.07 of the GEM Listing Rules.

Due to an inadvertent oversight of the implementation of HKFRS 16 in relation to the Lease, the Company was unable to timely comply with the announcement requirement for the Lease in Rule 19.07 of the GEM Listing Rules. As such, the Company has published announcement in relation to the Lease on 6 December 2024.

The Company deeply regrets its non-compliance of the GEM Listing Rules when entering into the tenancy agreements. In order to prevent recurrence of incidents of non-compliance with the Listing Rules in the future, the Company has adopted the following remedial measure up to the date of this report:

(i) the Company has enhanced the training provided to the Directors, the senior management and staff of the Group, including inviting external legal advisors of the Company to give seminars on the compliance requirements and practical knowledge of notifiable transactions to its staff on a regular basis in two months times;

(ii) the Company has also reminded its management and the respective person-in-charge of the Group's business units to report those transactions which may constitute potential notifiable transactions to the office of the Board for approval and assessment of the disclosure obligations prior to the entering into of those transactions in two months times;

(iii) the Company has engaged the external professional party to review and modify its existing internal control procedures in monitoring connected transactions and discloseable transactions of the Group under Chapters 19 and 20 of the GEM Listing Rules in six months times; and

(iv) the Company will, as and when appropriate and necessary, seek its external legal or other professional advice as to any action required to be taken in relation to any proposed transactions or events in the future.

Save as disclosed above, as far as the Directors are aware, the Company is in compliance with the Securities and Futures Ordinance (the "**SFO**"), the GEM Listing Rules and other relevant codes and regulations during FY2024/25.

RELATIONSHIPS WITH STAKEHOLDERS

The Group understands that it is important to maintain good relationship with its employees, customers, suppliers, governments and business associates to fulfil its long-term goals and development. To enhance its competitiveness, the Group aims at delivering high quality services to its customers constantly and to continue establishing a caring environment to employees and emphasis the personal development of its employees. During the FY2024/25, there was no material or significant dispute between the Group and its stakeholders.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks and uncertainties involved in the business operations of the Group may affect the Group's financial conditions or growth prospects. The Group has been focusing on the control of risks and uncertainties with the aim of understanding and addressing the concerns of stakeholders. For details, please refer to the section headed "Management discussion and analysis — Principal risks and uncertainties" in this report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the FY2024/25 is set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this report and the financial position of the Group as at 31 March 2025 are set out in the consolidated statement of financial position on page 45 and page 46 of this report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting will be held on 2 September 2025. 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 28 August 2025 to 2 September 2025, 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 27 August 2025.

REPORT OF THE DIRECTORS

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 March 2025, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the consolidated financial statements were prepared on a "going concern" basis.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the FY2024/25 are set out in note 14 to the consolidated financial statements.

BANK BORROWINGS

As at 31 March 2025, we have long-term bank borrowings. Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include bank borrowings and lease liabilities. The equity comprises all components of equity attributable to the owners of the Company. The Group's gearing ratio was approximately 1.56 as at 31 March 2025 (2024: 4.39).

SHARE CAPITAL

Details of movements in the Company's share capital during the FY2024/25 are set out in note 27 to the consolidated financial statements in this report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 47 of the consolidated statement of changes in equity and page 111 in the note 35 to the consolidated financial statements of this report.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for distribution to shareholders comprising share premium plus accumulated losses, amounted to approximately HK$10.4 million.

DIRECTORS

The directors of the Company during the FY2024/25 and up to the date of this report were:

Executive Directors

Mr. Chan Chi Wai, Nelson *(Chairman)*
Ms. Jiang Jie

Independent non-executive Directors

Mr. Leung Po Hon
Mr. Wong Wai Leung
Mr. Kwok Sze Chi (resigned with effect from 2 July 2024)
Mr. Ng Wai Hung (appointed with effect from 2 July 2024)

DONATIONS

During the FY2024/25, the group made approximately HK$24,000 charitable donations (FY2023/24: approximately HK$24,000).

EVENT AFTER THE REPORTING PERIOD

Transaction in relation to the entering into tenancy agreement dated 23 April 2025

On 23 April 2025, Well Being Dental Services Limited, an indirect subsidiary of Company as tenant, had entered into a tenancy agreement with Hero Town Limited as Landlord in respect of the lease of the premises at the monthly rent of HK$29,535.00 (exclusive of rates, management and air-conditioning charges and other outgoings) for a term of three (3) years commencing on 30 April 2025 and expiring on 29 April 2028, both days inclusive. The Premises was used for the operation of dental services centre, which are core dental services rendered by the Group and it located at Unit No.5 on Level 22 of Tower I of Millennium City 1, No.388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

Pursuant to HKFRS 16, the entering into of the tenancy agreement by the tenant will require the Group to recognise the right-of-use asset in its consolidated statement of financial position. Therefore, the entering into of the tenancy agreement will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 19.07 of the GEM Listing Rules.

For further details, please refer to the announcements dated 23 April 2025 and 29 April 2025.

Save as disclosed above, there are no significant events have taken place since 31 March 2025 to the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the FY2024/25, sales to the Group's five largest customers accounted for approximately 22.5% of total sales and sales to the largest customer included therein amounted to approximately 11.7% of total sales. The Group's largest supplier and five largest suppliers accounted for approximately 16.6% and 42.1% of the Group's total purchases respectively.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the FY2024/25.

CHARGE ON ASSETS

As at 31 March 2025, the Group had no charge on assets (as at 31 March 2024: Nil).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

During the year, the Group has carried transactions with its related party as detailed in note 29(i) to the consolidated financial statements. Save for as disclosed above, no other transaction, arrangement or contract of significance to which the Company or any of its subsidiaries, its holding companies or a subsidiary of its holding companies was a party or were parties and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the FY2024/25.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the FY2024/25.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the FY2024/25.

PERMITTED INDEMNITY PROVISION

The Articles and Association provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. In addition, the Company has arranged for appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against the Directors arising out of corporate activities.

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 March 2025, 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 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

		Number of ordinary shares held, capacity and nature of interest	
Name of Director	Capacity/Mature of interest	Number of share held (Note 1)	Approximate percentage of the Company's issued share capital
Mr. Chan Chi Wai, Nelson	Interest of controlled company (Note 2)	23,400,000 (L)	56.25%
Ms. Jiang Jie	Interest of spouse (Note 3)	23,400,000 (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 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 31 March 2025, 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2025, 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 Shareholder	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of the Company's issued share capital
Medinet International Limited	Beneficial owner (Note 2)	23,400,000 (L)	56.25%
NSD Capital Limited ("**NSD Capital**")	Beneficial owner (Note 3)	7,800,000 (L)	18.75%
Convoy Asset Management Limited ("**CAM**")	Interest of a controlled Corporation (Note 3)	7,800,000 (L)	18.75%
Favour Sino Holdings Limited ("**Favour Sino**")	Interest of a controlled Corporation (Note 3)	7,800,000 (L)	18.75%
Convoy (BVI) Limited ("**Convoy (BVI)**")	Interest of a controlled Corporation (Note 3)	7,800,000 (L)	18.75%
Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) ("**Convoy Global**")	Interest of a controlled Corporation (Note 3)	7,800,000 (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 CAM, a wholly-owned subsidiary of Favour Sino. Favour Sino is a wholly-owned subsidiary of Convoy (BVI), which is a wholly-owned subsidiary of Convoy Global. Therefore, each of CAM, Favour Sino, Convoy (BVI) 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 March 2025, 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.

TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE GEM LISTING RULES

Details of the related party transactions undertaken in the normal course of business are provided under note 29(i) to the consolidated financial statements, and none of which constitutes a connected transaction or continuing connected transaction as defined under Chapter 20 of the GEM Listing Rules that are not exempt from annual reporting requirement in Chapter 20 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the FY2024/25, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 15 to 28 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

DIVIDEND

The Board does not recommend the payment of any dividend for the FY2024/25 (FY2023/24: Nil).

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. D & PARTNERS CPA Limited as the auditor of the Company.

On behalf of the Board
Chan Chi Wai, Nelson
Chairman

Hong Kong, 27 June 2025

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF MEDINET GROUP LIMITED
醫匯集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of MediNet Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 44 to 111, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue recognition as a key audit matter as revenue is one of the key performance indicators of the Group and the Group's revenue from provision of medical solutions to insurance companies involves significant volume of transactions recorded in the Group's operational system. The recognition of such revenue is highly dependent on the information data generated from the operational system to the accounting system of the Group. Hence, it gives rise to an inherent risk that such revenue could be misstated or subject to manipulation. For the year ended 31 March 2025, the Group recognised revenue of approximately HK$30,134,000 (2024: HK$30,197,000) in respect of provision of medical solutions to insurance companies. Details of revenue from provision of medical solutions to insurance companies are set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition included: • Understanding and testing the controls over the validity of the data from the operational system and transmission of the information data from the operational system to the accounting system; • Verifying the accuracy of consultation fee to be billed to insurance companies, by extracting relevant data from the operational system to recalculate the amount of the transactions recorded in the accounting system for selected months; • Performing review on revenue deriving from the provision of medical solutions and identifying and obtaining explanation for fluctuation noted; and • Selecting samples of revenue transaction and checking to annual retainer contracts and settlement documents.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets	
We identified the impairment of property, plant and equipment and right-of-use assets as a key audit matter because of its significance to the consolidated financial statements and high degree of management judgement involved in determining the recoverable amounts. As disclosed in note 14 to the consolidated financial statements, the carrying amounts of property, plant and equipment was HK$2,136,000 (2024: HK$3,119,000) and as disclosed in note 15 to the consolidated financial statements, the carrying amounts of right-of-use assets was HK$10,113,000 (2024: HK$7,509,000) as at 31 March 2025. The calculation of the recoverable amount requires the management of the Group to estimate the higher of fair value less costs of disposal or value in use of those assets. Management reviewed the recoverable amounts of the property, plant and equipment and right-of-use assets at the end of the reporting period by estimating the respective fair value less costs of disposal and value in use of these assets to determine the impairment amount required to write down these assets to their recoverable amounts. As disclosed in note 7 to the consolidated financial statements, no impairment loss was provided for property, plant and equipment (2024: HK$864,000) and right-of-use assets for the year ended 31 March 2025 (2024: HK$23,000).	Our procedures in relation to the impairment of property, plant and equipment and right-of-use assets include: • Understanding how the management performs the impairment assessment in respect of the property, plant and equipment and right-of-use assets; • Evaluating the management's assessment in estimating recoverable amount of the property, plant and equipment and right-of-use assets; • Testing and checking the accuracy of the calculation of recoverable amount of the property, plant and equipment and right-of-use assets; and • Comparing the Group's cash flow forecast with the historical financial information upon which the cash flow forecast is based.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lau, Ming Tak Simeon.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Lau, Ming Tak Simeon
Practising Certificate Number: P07579
Hong Kong

27 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 March 2025

	NOTES	**2025** **HK$'000**	2024 HK$'000
Revenue	5	**106,390**	116,248
Other income	6	**878**	561
Other gains and losses	7	**(1,154)**	(2,648)
Medical and dental professional services expenses	9	**(45,343)**	(50,262)
Staff costs	9	**(36,890)**	(37,227)
Depreciation of property, plant and equipment	9	**(1,255)**	(1,730)
Depreciation of right-of-use assets	9	**(7,533)**	(7,998)
Cost of medical and dental supplies	9	**(5,883)**	(9,388)
Rental expenses	9	**(803)**	(912)
Other expenses		**(12,414)**	(13,983)
Gain on disposal of a subsidiary	31	**12,754**	–
Finance costs	8	**(655)**	(660)
Profit/(loss) before taxation	9	**8,092**	(7,999)
Income tax expense	10	**(33)**	(105)
Profit/(loss) for the year		**8,059**	(8,104)
Profit/(loss) for the year attributable to:			
Owners of the Company		**8,062**	(8,082)
Non-controlling interest		**(3)**	(22)
		8,059	(8,104)
Earnings/(loss) per share — Basic and Diluted (Hong Kong cents)	13	**19.38**	(19.43)
Other comprehensive expense for the year			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(90)**	(44)
Total comprehensive income/(expense) for the year		**7,969**	(8,148)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**7,972**	(8,126)
Non-controlling interests		**(3)**	(22)
		7,969	(8,148)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,136**	3,119
Right-of-use assets	15	**10,113**	7,509
Other intangible assets	17	**–**	–
Goodwill	16	**–**	–
Rental deposits	19	**1,733**	816
Consideration receivables	19	**9,552**	–
Deferred tax assets	24	**1,218**	1,333
		24,752	12,777
Current assets			
Inventories	18	**620**	581
Accounts and other receivables	19	**11,558**	10,679
Amount due from a related party	20	**855**	651
Tax recoverable		**–**	13
Bank balances and cash	21	**13,867**	17,325
		26,900	29,249
Current liabilities			
Accounts and other payables	22	**13,052**	14,239
Contract liabilities	22	**6,572**	6,406
Lease liabilities	23	**6,962**	4,726
Bank borrowing	26	**7,644**	8,431
Provisions	25	**286**	317
Amount due to a related party	20	**1,833**	1,485
Tax payable		**180**	167
		36,529	35,771
Net current liabilities		**(9,629)**	(6,522)
Total assets less current liabilities		**15,123**	6,255
Non-current liabilities			
Lease liabilities	23	**3,506**	2,802
Provisions	25	**467**	272
		3,973	3,074
Net assets		**11,150**	3,181

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	NOTE	**2025 HK$'000**	2024 HK$'000
Capital and reserves			
Share capital	27	**10,400**	10,400
Reserves		**1,204**	(6,768)
Equity attributable to owners of the Company		**11,604**	3,632
Non-controlling interests		**(454)**	(451)
		11,150	3,181

The consolidated financial statements on pages 44 to 111 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

Chan Chi Wai, Nelson	**Jiang Jie**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (note)	**Special reserve** HK$'000	**Exchange reserve** HK$'000	**Accumulated losses** HK$'000	**Subtotal** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 2023	10,400	51,853	(1,253)	20,515	(154)	(69,603)	11,758	(429)	11,329
Loss for the year	–	–	–	–	–	(8,082)	(8,082)	(22)	(8,104)
Exchange differences arising on translation	–	–	–	–	(44)	–	(44)	–	(44)
Loss and total comprehensive expense for the year	–	–	–	–	(44)	(8,082)	(8,126)	(22)	(8,148)
At 31 March 2024	10,400	51,853	(1,253)	20,515	(198)	(77,685)	3,632	(451)	3,181
Profit for the year	**–**	**–**	**–**	**–**	**–**	**8,062**	**8,062**	**(3)**	**8,059**
Exchange differences arising on translation	**–**	**–**	**–**	**–**	**(90)**	**–**	**(90)**	**–**	**(90)**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(90)**	**8,062**	**7,972**	**(3)**	**7,969**
At 31 March 2025	**10,400**	**51,853**	**(1,253)**	**20,515**	**(288)**	**(69,623)**	**11,604**	**(454)**	**11,150**

Note: 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 ("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 was recognised in equity as deemed distribution to shareholder. The loan has been settled during the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**8,092**	(7,999)
Adjustments for:		
Bank interest income	**(68)**	(163)
Interest income on consideration receivables	**(38)**	–
Depreciation of property, plant and equipment	**1,255**	1,730
Depreciation of right-of-use assets	**7,533**	7,998
Interests on lease liabilities	**380**	423
Interests on bank borrowing	**275**	237
Gain on disposal of property, plant and equipment	**–**	(2)
Gain on disposal of a subsidiary	**(12,754)**	–
Impairment losses recognised on property, plant and equipment	**–**	864
Impairment losses recognised on right-of-use assets	**–**	23
Impairment losses recognised on goodwill	**–**	1,905
Impairment losses (reversed)/recognised arising from Expected Credit Losses ("ECL") on account receivables, net	**(20)**	53
Impairment losses recognised arising from ECL on consideration receivables	**189**	–
Provision for legal claims	**34**	–
Provision for long service payment	**160**	–
Bad debts written off	**985**	–
Reversal of provision for reinstatement cost	**–**	(189)
Operating cash flows before movements in working capital	**6,023**	4,880
Increase in inventories	**(39)**	(216)
Increase in accounts and other receivables	**(236)**	(1,226)
Increase in amount due from a related party	**(204)**	(223)
(Decrease) increase in accounts and other payables	**(957)**	724
Decrease in provisions	**–**	(75)
Increase in contract liabilities	**166**	153
Increase in amount due to a related party	**348**	329
Cash generated from operations	**5,101**	4,346
Hong Kong Profits Tax refunded	**13**	54
NET CASH GENERATED FROM OPERATING ACTIVITIES	**5,114**	4,400
INVESTING ACTIVITIES		
Consideration received from disposal of a subsidiary	**600**	–
Proceeds on disposal of property, plant and equipment	**–**	29
Purchase of property, plant and equipment	**(292)**	(2,786)
Interest received	**106**	163
Net cash outflow on disposal of a subsidiary	**(230)**	–
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**184**	(2,594)
FINANCING ACTIVITIES		
Interest paid	**(275)**	(237)
New bank borrowing raised	**–**	9,000
Repayment of bank borrowing	**(787)**	(569)
Repayment of lease liabilities, including related interests	**(7,604)**	(8,205)
NET CASH USED IN FINANCING ACTIVITIES	**(8,666)**	(11)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,368)**	1,795
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**17,325**	15,574
Effect of foreign exchange rate changes	**(90)**	(44)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**13,867**	17,325

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 (Act 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. Details of the principal activities of its subsidiaries are set out in note 34.

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 2024 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to HKFRSs mentioned below, 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.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION

In preparing the consolidated financial statements of the Company, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK$9,629,000 as at 31 March 2025.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 March 2025 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, but not limited to, the followings:

(a) the directors of the Company will continue to implement comprehensive policies to monitor cash flows through cutting costs and capital expenditure;

(b) the management will continue to seek other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The Group uses time elapsed output method for dental solutions, medical solutions to corporations and invisalign treatment of dental services in measuring the progress of the performance obligation.

Property, plant and equipment

Property, plant and equipment held for use in the production of services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property, plant and equipment is recognised so as to write off the cost less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of certain clinics that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight- line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any measurement at lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessor *(Continued)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "*Business Combinations*" applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including account and other receivables, amounts due from related party and bank balance and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivables and amount due from a related party of trade nature. The ECL on these assets are assessed individually for all debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For amount due from a related party of trade nature, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivables and amount due from a related party of trade nature where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including accounts and other payables, bank borrowing and amount due to related party are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Impairment on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets and not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, including the Long Service Payment ("LSP") under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Retirement benefit costs *(Continued)*

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19.70 for the gross benefits (i.e. either using the plan's contribution formula or on a straight-line basis). For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19.70.

For LSP obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRSs requires or permits their inclusion in the cost of an asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before taxation because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Taxation *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies requirements of HKAS 12 *Income Taxes* to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Reinstatement provisions

Provision for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (A);

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group's or to a parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of the reporting period.

Annual retainer contracts

The Group's contracts related to medical solutions to corporations and dental solutions would pay a fixed fee to the Group generally in advance for (i) unlimited or specified number of visit in relation to a specified range of medical and dental solutions within a specified period; and (ii) for other medical and dental solutions not covered in (i), generally at a discounted price within such specified period, through (a) medical centres and dental clinics owned and operated by the Group, or (b) medical centres and auxiliary service providers not owned nor operated by the Group but agreed to provide various medical solutions to the contract customers of the Group under a network of healthcare service providers maintained by the Group (the "Annual Retainer Contracts"). The level of solutions to be rendered under the Annual Retainer Contracts is uncertain and depends on uncertain future events. The Group has to consider whether the cost of meeting its contractual obligations to provide the solutions under the Annual Retainer Contracts may exceed the revenue it will receive and the probability of such risk (the "Risk"), when assessing the pricing and provisioning for such contracts.

The frequency and severity of the Risk are affected by many factors, including, *inter alia,* the health status and awareness of the persons covered by the Annual Retainer Contracts and that of the general public in Hong Kong, the outbreak/potential outbreak of any epidemic, climatic changes, the duration of those contracts (which in general are of short duration), as well as a diversity of social, industrial and economic factors. The risk associated with such factors (including any undue concentration thereof and the probability of the occurrence of certain events affected by them) on the actual utilisation ratio for individual contracts is the key source of uncertainty that needs to be estimated. During both years, no cost of respective annual retainer contracts exceeded the revenue.

The Group manages the Risk through periodic review of the estimated and actual utilisation ratio of individual contracts and revises the relevant fee schedules and whether or not to renew such Annual Retainer Contracts after assessment.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Provision of ECL for accounts receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivables are disclosed in notes 19 and 33.

Impairment of property, plant and equipment and right-of-use assets

The recoverable amount calculation requires the management of the Group to estimate higher of fair value less costs of disposal and value in use of those assets as the recoverable amount.

Property, plant and equipment, and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Where the actual future cash flows are less than expected, a material impairment loss may arise. The fair value less costs of disposal of certain assets have been determined from market available information.

As at 31 March 2025, the carrying amount of property, plant and equipment was HK$2,136,000 (2024: HK$3,119,000), and the carrying amount of right-of-use assets was HK$10,113,000 (2024: HK$7,509,000). No impairment loss in respect of property, plant and equipment (2024: HK$864,000) and right-of-use assets (2024: HK$23,000) has been recognised respectively. Details are set out in notes 14 and 15 respectively.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Segments	Dental business HK$'000	Medical business HK$'000	Total HK$'000
	For the year ended 31 March 2025		
Types of service			
Dental business			
Solutions	**4,521**	–	**4,521**
Services	**36,355**	–	**36,355**
Sub-total	**40,876**	–	**40,876**
Medical business			
Solutions to insurance companies	–	**30,134**	**30,134**
Solutions to corporations	–	**12,399**	**12,399**
Services	–	**22,981**	**22,981**
Sub-total	–	**65,514**	**65,514**
Total	**40,876**	**65,514**	**106,390**
Geographical markets			
Hong Kong	**40,680**	**65,514**	**106,194**
The PRC	**196**	–	**196**
Total	**40,876**	**65,514**	**106,390**
Timing of revenue recognition			
A point in time	**18,504**	**58,066**	**76,570**
Over time	**22,372**	**7,448**	**29,820**
Total	**40,876**	**65,514**	**106,390**

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

Segments	For the year ended 31 March 2024 Dental business HK$'000	Medical business HK$'000	Total HK$'000
Types of service			
Dental business			
Solutions	5,525	–	5,525
Services	45,186	–	45,186
Sub-total	50,711	–	50,711
Medical business			
Solutions to insurance companies	–	30,197	30,197
Solutions to corporations	–	10,164	10,164
Services	–	25,176	25,176
Sub-total	–	65,537	65,537
Total	50,711	65,537	116,248
Geographical markets			
Hong Kong	50,382	65,537	115,919
The PRC	329	–	329
Total	50,711	65,537	116,248
Timing of revenue recognition			
A point in time	27,334	58,089	85,423
Over time	23,377	7,448	30,825
Total	50,711	65,537	116,248

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Performance obligations for contracts with customers

Dental solutions

The Group's dental solutions services represent annual retainer fee derived from annual retainer contracts ("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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(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.

No transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) in relation to dental services (invisalign treatment services) as at 31 March 2025. The transaction price as at 31 March 2024 and the expected timing of recognising revenue are as follows:

	2024 Dental services HK$'000
Within one year	397
More than one year but not more than two years	83
	480

(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, 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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

Segment revenue and results

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

Year ended 31 March 2025

	Dental business HK$'000	Medical business HK$'000	Segment total HK$'000	Eliminations HK$'000	Total HK$'000
SEGMENT REVENUE					
External revenue	40,877	65,513	106,390	–	106,390
Inter-company revenue	777	7,420	8,197	(8,197)	–
Segment revenue	41,654	72,933	114,587	(8,197)	106,390
Segment profit	9,845	382	10,227		10,227
Unallocated expenses					(3,013)
Unallocated income					878
Profit before taxation					8,092

	Dental business HK$'000	Medical business HK$'000	Total HK$'000
OTHER SEGMENT INFORMATION			
Amounts included in the measure of segment profit or loss:			
Additions to right-of-use assets	2,126	8,011	10,137
Additions to property, plant and equipment	78	214	292
Depreciation of property, plant and equipment	533	722	1,255
Depreciation of right-of-use assets	3,373	4,160	7,533
Gain on disposal of a subsidiary	(12,754)	–	(12,754)
Impairment losses reversed arising from ECL on account receivables, net	(4)	(16)	(20)
Impairment losses recognised arising from ECL on consideration receivables	189	–	189
Bad debt written off	–	985	985

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

Segment revenue and results *(Continued)*

Year ended 31 March 2024

	Dental business HK$'000	Medical business HK$'000	Segment total HK$'000	Eliminations HK$'000	Total HK$'000
SEGMENT REVENUE					
External revenue	50,711	65,537	116,248	–	116,248
Inter-company revenue	604	6,162	6,766	(6,766)	–
Segment revenue	51,315	71,699	123,014	(6,766)	116,248
Segment (loss)/profit	(8,066)	3,600	(4,466)		(4,466)
Unallocated expenses					(4,095)
Unallocated income					562
Loss before taxation					(7,999)

	Dental business HK$'000	Medical business HK$'000	Total HK$'000
OTHER SEGMENT INFORMATION			
Amounts included in the measure of segment profit or loss:			
Additions to right-of-use assets	5,660	–	5,660
Additions to property, plant and equipment	2,542	244	2,786
Depreciation of property, plant and equipment	798	932	1,730
Depreciation of right-of-use assets	3,822	4,176	7,998
Impairment losses recognised arising from ECL on account receivables, net of reversal	–	53	53
Impairment losses recognised on property, plant and equipment	821	43	864
Impairment losses recognised on right-of-use assets	23	–	23
Impairment losses recognised on goodwill	1,905	–	1,905

Segment profit/(loss) represents the profit earned/loss incurred 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-company sales are priced with reference to prices charged to external parties for similar services.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

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

Revenue from major customers which accounted for 10% or more of the Group's revenue is set out below:

	For the year ended	
	2025	2024
	HK$'000	HK$'000
Customer A	**13,851**	13,637

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	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**106,194**	115,919	**12,249**	10,628
The PRC	**196**	329	**–**	–
	106,390	116,248	**12,249**	10,628

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

6. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Rental income	**341**	210
Bank interest income	**68**	163
Interest income on consideration receivables	**38**	–
Government subsidy (note)	**139**	–
Sundry income	**292**	188
	878	561

Note: During the current year, the Group recognised government grants of HK$139,000 related to Technology Voucher Programme provided by the Hong Kong Government.

7. OTHER GAINS AND LOSSES

	2025 HK$'000	2024 HK$'000
Exchange gain, net	**–***	6
Bad debt written off	**(985)**	–
Impairment losses reversed/(recognised) arising from ECL on account receivables, net	**20**	(53)
Impairment losses recognised arising from ECL on consideration receivables	**(189)**	–
Impairment losses recognised on property, plant and equipment	**–**	(864)
Impairment losses recognised on right-of-use assets	**–**	(23)
Impairment losses recognised on goodwill	**–**	(1,905)
Gain on disposal of property, plant and equipment	**–**	2
Reversal of provision for reinstatement cost	**–**	189
	(1,154)	(2,648)

* Value below HK$1,000

8. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interests on lease liabilities	**380**	423
Interests on bank borrowing	**275**	237
	655	660

9. PROFIT (LOSS) BEFORE TAXATION

	2025 HK$'000	2024 HK$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration (note 11)	**5,499**	5,554
Salaries and allowance for staff excluding directors	**30,144**	30,458
Retirement benefit scheme contributions for staff excluding directors	**1,087**	1,215
Staff benefits	**160**	–
Total staff costs (note ii)	**36,890**	37,227
Depreciation of property, plant and equipment	**1,255**	1,730
Depreciation of right-of-use assets	**7,533**	7,998
Medical and dental professional services expenses (note i)	**45,343**	50,262
Cost of inventories recognised as an expense	**5,883**	9,388
Minimum lease payments in respect of rental premises	**803**	912
Legal claims (note iii)	**34**	–
Auditor's remuneration	**670**	600

Notes:

(i) Medical and dental professional services expenses mainly include laboratory charges, fee paid to external doctors employed by clinics not operated by the Group and charges by external auxiliary services providers who provide services to the Group's contract customers.

(ii) Staff costs mainly include payments to the employees of the Group including doctors, dentists and other staff.

(iii) The legal claims represents the compensation for the legal case of one of subsidiary, 深圳醫滙卓越時代口腔門診部. Please refer to note 37 for details.

10. INCOME TAX EXPENSE

	2025 HK$'000	2024 HK$'000
Current tax:		
Hong Kong profits tax	**13**	167
Overprovision in prior year:		
Hong Kong profits tax	**–**	(75)
	13	92
Deferred tax	**20**	13
	33	105

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$1,500 (2024: HK$3,000).

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

	2025 HK$'000	2024 HK$'000
Profit/(loss) before taxation	**8,092**	(7,999)
Tax at Hong Kong Profits Tax rate of 16.5%	**1,335**	(1,320)
Tax effect of expenses not deductible for tax purposes	**453**	340
Tax effect of income not taxable for tax purposes	**(2,264)**	(27)
Tax effect of tax loss not recognised	**453**	1,336
Tax effect of deductible temporary difference not recognised	**111**	154
Utilisation of deductible temporary differences previously not recognised	**(1)**	–
Utilisation of tax losses previously not recognised	**–**	(228)
Overprovision in prior year	**–**	(75)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(52)**	(72)
Tax concessions	**(2)**	(3)
Income tax expense for the year	**33**	105

Details of deferred taxation are set out in note 24.

11. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

Mr. Chan and Ms. Jiang Jie, who is the spouse of Mr. Chan, were appointed as the executive directors of the Company on 20 August 2015. Mr. Chan is the chief executive of the Company and his emoluments disclosed below include those for service rendered by him as the chief executive.

Directors and Chief Executive

2025

	Executive directors		Independent non-executive directors				
	Mr. Chan HK$'000	Ms. Jiang Jie HK$'000	Mr. Leung Po Hon HK$'000	Mr. Wong Wai Leung HK$'000	Mr. Kwok Sze Chi HK$'000 (Note (ii))	Mr. Ng Wai Hung HK$'000 (Note (iii))	Total HK$'000
Fees	–	–	180	180	46	120	526
Other emoluments							
Salaries and allowances	1,880	1,497	–	–	–	–	3,377
Other benefits and allowances	1,560	–	–	–	–	–	1,560
Performance related incentive payments (Note (i))	–	–	–	–	–	–	–
Retirement benefit scheme contributions	18	18	–	–	–	–	36
Total emoluments	3,458	1,515	180	180	46	120	5,499

2024

	Executive directors		Independent non-executive directors			
	Mr. Chan HK$'000	Ms. Jiang Jie HK$'000	Mr. Leung Po Hon HK$'000	Mr. Wong Wai Leung HK$'000	Mr. Kwok Sze Chi HK$'000	Total HK$'000
Fees	–	–	180	180	180	540
Other emoluments						
Salaries and allowances	1,923	1,495	–	–	–	3,418
Other benefits and allowances	1,560	–	–	–	–	1,560
Performance related incentive payments (Note (i))	–	–	–	–	–	–
Retirement benefit scheme contributions	18	18	–	–	–	36
Total emoluments	3,501	1,513	180	180	180	5,554

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note (i): The performance related incentive payments are determined by reference to the Group's operating results, individual performance and prevailing market conditions.

Note (ii): Mr. Kwok Sze Chi was resigned as an independent non-executive director with effect from 2 July 2024.

Note (iii): Mr. Ng Wai Hung was appointed as an independent non-executive director with effect from 2 July 2024.

11. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES *(Continued)*

Employees

The five highest paid individuals of the Group included two directors (2024: two directors) of the Company for the year. The emoluments of the remaining three (2024: three) highest paid individuals for the two years ended 31 March 2024 and 2025 are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and allowances	**5,093**	4,186
Retirement benefit scheme contributions	**54**	54
	5,147	4,240

The number of these highest paid individuals (excluding directors of the Company) whose emolument fell within the following bands is as follows:

	2025 Number of individuals	2024 Number of individuals
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**1**	–
	3	3

There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments and no payment of inducement fees or compensation for loss of office to a director during the year.

12. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 March 2025 nor propose any dividend since the end of the year (2024: Nil).

13. EARNINGS/(LOSS) PER SHARE

	2025 HK$'000	2024 HK$'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share for the year	**8,062**	(8,082)

	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**41,600**	41,600

No diluted earnings/(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 2025 and 2024.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Professional equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2023	9,567	15,862	6,988	2,999	35,416
Additions	1,431	786	569	–	2,786
Disposals	–	(38)	–	–	(38)
Exchange realignment	(32)	(81)	(7)	–	(120)
At 31 March 2024	10,966	16,529	7,550	2,999	38,044
Additions	–	237	55	–	292
Disposal of a subsidiary	(1,218)	(3,608)	(133)	–	(4,959)
Exchange realignment	(7)	(94)	(2)	–	(103)
At 31 March 2025	9,741	13,064	7,470	2,999	33,274
DEPRECIATION AND IMPAIRMENT					
At 1 April 2023	9,067	15,288	5,558	2,549	32,462
Provided for the year	501	204	755	270	1,730
Eliminated on disposals	–	(11)	–	–	(11)
Impairment losses recognised	–	625	239	–	864
Exchange realignment	(32)	(81)	(7)	–	(120)
At 31 March 2024	9,536	16,025	6,545	2,819	34,925
Provided for the year	466	174	435	180	1,255
Disposal of a subsidiary	(1,218)	(3,593)	(128)	–	(4,939)
Exchange realignment	(7)	(94)	(2)	–	(103)
At 31 March 2025	8,777	12,512	6,850	2,999	31,138
CARRYING VALUES					
At 31 March 2025	964	552	620	–	2,136
At 31 March 2024	1,430	504	1,005	180	3,119

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives, using the straight-line method at the following rates per annum:

Leasehold improvements	20% or over the term of the lease, whichever is shorter
Professional equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment review for the year ended 31 March 2025 and 2024

For the year ended 31 March 2025, the Group has performed impairment assessment on property, plant and equipment. Certain clinics were loss making during the year due to the economic downturn and growing trend of patients heading to Mainland for dental services after the ease of COVID-19 border to Mainland, and the dental business operation may continue to be affected by the trend. Impairment assessment is performed on clinic with operating losses which is considered as an impairment indicator for the year ended 31 March 2025.

The recoverable amount of cash-generating units have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the following 5 years with a pre-tax discount rate is 11.5% to 24.4% as at 31 March 2025, respectively. The annual growth rate used is 1% to 5%, which is based on the human resources capacity and future business plan. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development.

Based on the result of the assessment, the management of the Group determined that the recoverable amounts of some CGU are lower than their carrying amounts. Based on the value-in-use calculation, no impairment loss has been recognised against the carrying amounts of property, plant and equipment for the year ended 31 March 2025 (2024: HK$864,000).

15. RIGHT-OF-USE ASSETS

	Offices and clinics HK$'000
As at 1 April 2024	
Carrying amount	7,509
As at 31 March 2025	
Carrying amount	10,113
For the year ended 31 March 2025	
Depreciation charge	7,533
For the year ended 31 March 2024	
Depreciation charge	7,998
Impairment losses recognised	23

	Year ended 31 March	
	2025 HK$'000	2024 HK$'000
Expense relating to short-term leases	**803**	912
Total cash outflow for leases	**8,407**	9,117
Additions to right-of-use assets	**10,137**	5,660

15. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leases various offices and clinics. Lease contracts are entered into the following ranges of fixed terms:

Offices and clinics	1–5 years

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. The remaining right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

As at 31 March 2025, the Group regularly entered into short-term leases for clinics. The short-term lease expense incurred during the year amounted to HK$803,000 (2024: HK$912,000).

As at 31 March 2025 and 2024, the Group had no lease with variable lease payment. The lease agreements do not impose any extension or termination options which are exercisable only by the Group and not by the respective lessors.

As at 31 March 2025 and 2024, the Group does not provide residual value guarantees in relation to leases arrangements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

As at 31 March 2025 and 2024, the Group has no leases that are committed but not yet commenced.

The maturity of lease liabilities is presented in notes 23 and 33.

As at 31 March 2025, management carried out a review of the recoverable amounts of its right-of-use assets. Details of the assumption of impairment assessment on the Group's right-of-use assets as at 31 March 2025 are disclosed in note 14.

Based on the result of impairment assessment, the management of the Group determined that the recoverable amounts of some CGU are lower than their carrying amounts. Based on the value-in-use calculation, no impairment loss has been recognised against the carrying amounts of right-of-use assets for the year ended 31 March 2025 (2024: HK$23,000).

16. GOODWILL

	HK$'000
COST	
At 1 April 2023 and 31 March 2024	19,483
Disposal of a subsidiary	(19,483)
At 31 March 2025	–
IMPAIRMENT	
At 1 April 2023	17,578
Impairment loss recognised in the year	1,905
At 31 March 2024	19,483
Disposal of a subsidiary	(19,483)
At 31 March 2025	–
CARRYING VALUES	
At 31 March 2025	–
At 31 March 2024	–

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

Impairment testing on goodwill

For the years ended 31 March 2024

Management considers that the subsidiary engaging in the provision of Dental business represents a separate CGU for the purpose of goodwill impairment testing.

The amount of goodwill as at 31 March 2024 is allocated to Master Clever Limited which engaged in provision of dental services business as follows:

As a result of economic downtown, growing trend of patients heading to Mainland for dental services after the ease of COVID-19 border to Mainland, and increase in operating costs of the 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 revenue of the CGU decreased by approximately HK$12,700,000 for the year ended 31 March 2024.

The management of the Group has performed an impairment assessment on the 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 CGU.

The recoverable amount of the relevant CGU is determined based on a value in use calculation. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, and at a pre-tax discount rate of 14.7% as at 31 March 2024. The CGU's cash flows beyond the 5-year period are extrapolated using a zero growth rate as at 31 March 2024 that is with reference to the historical performance of the relevant CGU, the relevant industry growth forecasts that do not exceed the average long-term growth rate for the relevant industry human resources capacity and business plan. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development.

Based on the result of impairment assessment, the management has consequently determined impairment loss of goodwill amounting to HK$1,905,000 for the year ended 31 March 2024, which have been included in other gains and losses as discussed in note 7 to the consolidated financial statements.

17. OTHER INTANGIBLE ASSETS

	Right to use trade names HK$'000	Customer relationship HK$'000	Total HK$'000
COST			
At 1 April 2023 and 31 March 2024	4,291	3,175	7,466
Disposal of a subsidiary	(4,291)	(3,175)	(7,466)
At 31 March 2025	–	–	–
AMORTISATION			
At 1 April 2023 and 31 March 2024	4,291	3,175	7,466
Disposal of a subsidiary	(4,291)	(3,175)	(7,466)
At 31 March 2025	–	–	–
CARRYING VALUES			
At 31 March 2025	–	–	–
At 31 March 2024	–	–	–

The right to use trade names represents the right to operate dental clinics to provide services under the trade names of (i) Dr. Kenny CP Chiu & Dental Surgeons and (ii) Invisible Orthodontic & Laser Implant Centre. Customer relationship represents existing customers who will continue to visit dental clinics for dental services.

Right to use trade names and customer relationship acquired in the business combination are identified and recognised as intangible assets. The right to use trade names and customer relationship acquired in the business acquisition are recognised at fair value at the acquisition date. The right to use trade names and customer relationship have finite useful lives. Such other intangible assets are amortised on a straight-line basis over the following periods:

Right to use trade names	57 months
Customer relationship	57 months

18. INVENTORIES

	2025 HK$'000	2024 HK$'000
Pharmaceutical products	**620**	581

19. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS

	2025 HK$'000	2024 HK$'000
Accounts receivables	**8,069**	7,453
Less: Allowance for ECL	**(529)**	(550)
	7,540	6,903
Other receivables		
— Consideration receivables (note)	**12,868**	–
— Less: Allowance for ECL	**(189)**	–
	12,679	–
— Other receivables	**–**	980
— Prepayments	**515**	1,218
— Rental and utility deposits	**2,109**	2,394
Total accounts and other receivables	**22,843**	11,495
Less: Receivables within twelve months shown under current assets	**(11,558)**	(10,679)
Rental deposits and other receivables shown under non-current assets	**11,285**	816
Presented in the consolidated statement of financial position under non-current assets:		
— Consideration receivables	**9,552**	–
— Rental deposits	**1,733**	816

Note: The consideration receivables represent the consideration of disposal of a subsidiary, Master Clever Limited, at the consideration of HK$14,400,000. The fair value of consideration receivables at the initial date was approximately HK$13,429,000.

As at 31 March 2025, the balance of approximately HK$9,552,000 was included in "other receivables" under non-current portion and approximately HK$3,127,000 was included in "other receivables" under current portion.

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:

	2025 HK$'000	2024 HK$'000
Within 30 days	**4,132**	3,607
31 to 60 days	**2,144**	2,242
61 to 90 days	**1,264**	805
91 to 180 days	**–**	249
	7,540	6,903

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

19. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS *(Continued)*

As at 31 March 2025, included in the Group's accounts receivables balance are debtors with aggregate carrying amount of HK$1,264,000 (2024: HK$1,054,000) which are past due as at the reporting date. Out of the past due balances, nil (2024: HK$249,000) 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.

Detail of impairment assessment of accounts and other receivables are set out in note 33.

20. AMOUNTS DUE FROM (TO) A RELATED PARTY

Amounts due from (to) related parties are as follows:

			Maximum balance outstanding during the year	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from (to) related parties				
Face Factor Limited ("Face Factor")[1, 2, 3]	**855**	651	**855**	651
Times Insurance Consultants Limited ("Times Insurance")[2]	**(1,833)**	(1,485)	**–**	–
	(978)	(834)		

1. Mr. Chan is the director and also the controlling shareholder of these companies. Medinet International is the ultimate holding company of the Company.

2. The company is wholly-owned by a key management personnel of the Group.

3. The balance is of trade nature. HK$855,000 (2024: HK$651,000) is aged within 30 days.

The amounts due from (to) related parties are unsecured, interest-free and repayable on demand.

Details of impairment assessment of amount due from a related party is set out in note 33.

21. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market interest rates based on daily bank deposits rates for both years.

Details of impairment assessment of bank balances are set out in note 33.

22. ACCOUNTS AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2025	2024
	HK$'000	HK$'000
Accounts and other payables		
Accounts payables	**9,806**	10,517
Other payables	**1,137**	776
Accrued expenses	**2,109**	2,946
	13,052	14,239

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

22. ACCOUNTS AND OTHER PAYABLES AND CONTRACT LIABILITIES *(Continued)*

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

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**2,962**	3,324
31 to 60 days	**2,411**	2,752
61 to 90 days	**2,273**	2,440
91 to 120 days	**2,160**	2,001
	9,806	10,517

	2025 **HK$'000**	2024 HK$'000
Contract liabilities		
Medical services	**1,024**	1,092
Medical solutions	**3,505**	3,231
Dental solutions	**2,043**	1,603
Dental services	**–**	480
	6,572	6,406

As at 1 April 2023, contract liabilities amounted to HK$6,253,000.

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 2025, HK$5,064,000 (2024: HK$17,456,000) 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 2025.

23. LEASE LIABILITIES

Lease liabilities payables	**2025** **HK$'000**	2024 HK$'000
Within one year	**6,962**	4,726
Within a period for more than one year but not more than two years	**3,501**	2,455
Within a period for more than two years but not more than five years	**5**	347
	10,468	7,528
Less: Amount due for settlement within 12 months shown under current liabilities	**(6,962)**	(4,726)
Amount due for settlement after 12 months shown under non-current liabilities	**3,506**	2,802

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2023	191	1,155	1,346
Credit (charge) to profit or loss	23	(36)	(13)
At 31 March 2024	214	1,119	1,333
Disposal of a subsidiary	(95)	–	(95)
Charge to profit or loss	(14)	(6)	(20)
At 31 March 2025	105	1,113	1,218

The following is the analysis of the deferred tax balances in the consolidated statement of financial position for financial reporting purposes:

	2025 HK$'000	2024 HK$'000
Deferred tax assets	**1,218**	1,333

At the end of the reporting period, the Group has unused tax losses of HK$56,868,000 (2024: HK$61,296,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$6,745,000 (2024: HK$6,782,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$50,123,000 (2024: HK$54,514,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$12,023,000 (2024: HK$16,373,000) that can be carried forward for one to five years for the year ended 31 March 2025. Other unrecognized tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$1,101,000 (2024: HK$4,050,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25. PROVISIONS

	2025 HK$'000	2024 HK$'000
Analysed for reporting purpose as:		
Non-current liabilities	**467**	272
Current liabilities	**286**	317
	753	589

25. PROVISIONS *(Continued)*

	Provision for reinstatement costs HK$'000	Provision for long service payment HK$'000	Provision for legal claims HK$'000	Total HK$'000
Ast 1 April 2023	718	–	–	718
Additions	135	–	–	135
Utilisation	(75)	–	–	(75)
Reversal	(189)	–	–	(189)
At 31 March 2024	589	–	–	589
Additions	13	160	34	207
Disposal of a subsidiary	(43)	–	–	(43)
At 31 March 2025	559	160	34	753

Provision for reinstatement costs represents the estimated cost for the restoration work of the Group's leased clinics and offices agreed to be carried out upon the expiry of the relevant leases. The amount have not been discounted for the purposes of measuring the provision for reinstatement costs, because the effect is not material.

26. BANK BORROWING

	2025 HK$'000	2024 HK$'000
Bank Borrowing	**7,644**	8,431

	2025 HK$'000	2024 HK$'000
The carrying amounts of above borrowing that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**830**	781
Within a period of more than one year but not exceeding two years	**854**	810
Within a period of more than two years but not exceeding five years	**3,684**	2,613
Within a period of more than five years	**2,276**	4,227
	7,644	8,431

The bank borrowing was unsecured and personal guaranteed by Mr. Chan Chi Wai, Nelson, the executive director of the Group. The bank borrowing was carried variable interest rate at 3.00% as at 31 March 2025 with repayable on demand clause.

27. SHARE CAPITAL

	No. of shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.25 each		
At 1 April 2023, 31 March 2024 and 2025	200,000,000	50,000,000
Issued and fully paid:		
Ordinary shares of HK$0.25 each		
At 1 April 2023, 31 March 2024 and 2025	41,600,000	10,400,000

28. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was HK$180,000 (2024: HK$210,000). The property is rented to Face Factor, a related company of the Group. Please refer to notes 20 and 29 for details.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2025 HK$'000	2024 HK$'000
Minimum lease payments under operating leases:		
Within one year	**180**	180
In the second to fifth year inclusive	**15**	195
	195	375

29. RELATED PARTY DISCLOSURES

(i) In addition to the balances and commitments disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions:

Name of related companies/party	Relationship	Nature of transactions	2025 HK$'000	2024 HK$'000
Face Factor	Related company	Rental income	**180**	210
I-Teeth	Related company	Dental professional services expense	**5,305**	9,601
I-Teeth	Related company	Rental expense	**74**	96
Times Insurance	Related company	Commission expense	**421**	432
Dr. Chiu Chong Po Kenny ("Dr. Chiu")[1]	Related party	Rental expense	**111**	144
Karvin Investments	Related company	Rental expense	**231**	300

1. Dr. Chiu is a key management personnel of the Group.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025 HK$'000	2024 HK$'000
Short-term benefits	**8,162**	8,038
Post-employments benefits	**72**	72
	8,234	8,110

Further details of the directors' emoluments are included in note 11.

30. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

According to the relevant laws and regulation in the PRC, the Group is required to contribute a certain percentage of the salaries of their employees located in the PRC to the state-managed retirement benefit scheme. The only obligations of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total expenses of HK$1,123,000 (2024: HK$1,251,000) recognised in profit or loss represent contributions paid or payable to the above schemes by the Group for the year ended 31 March 2025.

30. RETIREMENT BENEFITS PLAN *(Continued)*

Obligation to pay Long Service Payment ("LSP") under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last month's wages (before termination of employment) × 2/3 × years of service

Last month's wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the employer to utilise its mandatory MPF contributions, for the purpose of offsetting LSP payable to an employee ("the Offsetting Arrangement").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions made prior to, on or after the Transition Date may continue to be applied to offset the pre-Transition Date LSP but are not eligible to offset the post-Transition Date LSP. On the other hand, the accrued benefits derived from the Group's voluntary contributions made prior to, on or after the Transition Date may continue to be used to offset pre- and post-transition LSP. Furthermore, employment under continuous contract that falls before the Transition Date will be exempted and calculated based on the last month's wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has no significant impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its Abolition.

31. GAIN ON DISPOSAL OF A SUBSIDIARY

On 9 January 2025, Medinet (BVI) Limited, a direct wholly-owned subsidiary of the Company, entered into sale and purchase agreement with Dr. Chiu Chong Po, Kenny ("Purchaser"), who is a director of Master Clever Limited.

Pursuant to the sale and purchase agreement, the Purchaser agreed to acquire 100% issued share capital in Master Clever Limited held by Medinet (BVI) Limited at the consideration of HK$14,400,000, and the consideration will be settled by monthly instalments. For details, please refer to the announcement dated on 26 March 2025.

The Completion took place on 19 February 2025, and the fair value of the consideration receivable was approximately HK$13,429,000. After completion of the disposal of the direct wholly-owned subsidiary on 19 February 2025, Master Clever Limited ceased to be subsidiary of the Company.

Analysis of assets and liabilities over which control was lost:

	19 February 2025 HK$'000
Property, plant and equipment	**20**
Goodwill	**–**
Other intangible assets	**–**
Deferred tax assets	**95**
Trade and other receivables	**603**
Bank and cash	**230**
Trade and other payables	**(230)**
Provision for reinstatement costs	**(43)**
Net assets disposed of	**675**

Consideration receivables:

	HK$'000
Fair value of consideration (Note)	**13,429**

Gain on disposal of a subsidiary:

	HK$'000
Fair value of consideration (Note)	**13,429**
Net assets disposed of	**(675)**
Gain on disposal of a subsidiary	**12,754**

31. GAIN ON DISPOSAL OF A SUBSIDIARY *(Continued)*

Net cash outflow arising on disposal of a subsidiary:

	HK$'000
Cash consideration	–
Less: cash and cash equivalents disposed of	**(230)**
	(230)

Note: The consideration receivables will be settled by the Purchaser in cash in the following manners:

a. as to HK$10,800,000 to be payable by the Purchaser within 36 months after 19 February 2025 in monthly instalments of HK$300,000 each. The Purchaser has paid HK$300,000 and has delivered 35 post-dated cheques in the amount of HK$300,000 each on completion of disposal; and

b. as to HK$3,600,000 to be payable by the Purchaser from the 37th month to the 42nd month from 19 February 2025. During the six months period from the 37th month to the 42nd month, the Purchaser shall pay no less than HK$600,000 each month and until all the balance sum of HK$3,600,000 has been paid off. The Purchaser has delivered six post-dated cheques in the amount of HK$600,000 each on completion of disposal.

At 19 February 2025, the fair value is measured using discounted cash flow projection. The period over which the management has projected the projection is 42 months, the discount rate used is 3.80%. Based on the discounted cash flow projection, the fair value of consideration receivable is approximately of HK$13,429,000 and recognised in "other receivables".

As at 31 March 2025, the balance of approximately HK$9,552,000 was included in "other receivables" under non-current portion and approximately HK$3,127,000 was included in "other receivables" under current portion.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowing and lease liabilities disclosed in notes 23 and 26 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 **HK$'000**	2024 HK$'000
Financial assets		
Financial assets at amortised cost	**37,050**	28,253
Financial liabilities		
Amortised cost	**22,529**	24,155
Lease liabilities	**10,468**	7,528

Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, consideration receivables, rental and utility deposits, amount due from a related party, bank balances and cash, accounts and other payables, amount due to a related party and bank borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk relates primarily to variable-rate bank balances (see note 21) due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank balances is presented as the directors of the Company consider the sensitivity on interest rate risk on bank balances is insignificant.

Foreign currency risk

The Group has no significant foreign currency risk as the activities of the group entities are denominated in HK$ and Renminbi which are also the functional currency of the relevant group entities.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to account and other receivables, consideration receivables, amount due from a related party and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivables

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on accounts balances individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Other receivables and amount due from a related party

The Group considered the credit risk on the other receivables and amount due from a related party at the end of the reporting period using the past due information and concluded that there has been no significant increase in credit risk since initial recognition. Accordingly, no loss allowance is made for other receivables and amount due from a related party as the amount of ECL with respect to these balances is considered insignificant.

Consideration receivables

The Group considered the credit risk on consideration receivables at the end of reporting period, taking into consideration of debtor's financial position, past due information, estimates of possibility of default rate, quantitative and qualitative information that is reasonable and supportive forward-looking information.

The Group would make periodic collective and individual assessment on the recoverability of consideration receivables. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of consideration receivables are considered to be low.

For the year ended 31 March 2025, the Group provided impairment on consideration receivables based on 12m ECL, impairment losses of HK$189,000 is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Bank balances

The Group considered the credit risk on bank balances is limited since they are placed with banks with high external credit ratings. Accordingly, no loss allowance is made for bank balances as the amount of ECL with respect to these balances is considered insignificant.

Other than the concentration of credit risk on amounts due from related parties and liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk on accounts receivables and other receivables, with exposure over a number of counterparties.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Descriptions	Accounts receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL — not credit-impaired	12m ECL
Watch list	The counterparty has amounts past-due but is continuously settling after due date and with continuous business transactions with the Company.	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources while the counterparty is with continuous business transactions with the Company.	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating that asset is credit-impaired.	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	2025 Gross carrying amount HK$'000	2024 Gross carrying amount HK$'000
Financial assets at amortised cost					
Accounts receivables	19	Note (i)	Lifetime ECL	**8,069**	7,453
Consideration receivables	19	Note (ii)	12m ECL	**12,868**	–
Deposits and other receivables	19	Note (ii)	12m ECL	**2,109**	3,374
Amount due from a related party	20	Note (ii)	Lifetime ECL	**855**	651
Bank balances	21	N/A Note (iii)	12m ECL	**13,841**	17,304

Notes:

(i) For accounts receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

(ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

(iii) For the purposes of internal credit risk management, the Group uses external credit ratings of the banks to assess whether credit risk has increased significantly since initial recognition.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables under the simplified approach.

	Life time ECL — not credit impaired HK$'000
As at 1 April 2023	497
— Expected credit loss recognised	550
— Expected credit loss reversed	(497)
As at 31 March 2024	550
— Expected credit loss recognised	529
— Expected credit loss reversed	(550)
As at 31 March 2025	529

The following table shows the movement in 12-month ECL that has been recognised for consideration receivables under the general approach.

	12 month-ECL HK$'000
As at 1 April 2023 and 31 March 2024	–
— Expected credit loss recognised	189
As at 31 March 2025	189

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity and interest risk tables

	Weighted average interest rate %	On demand or less than 3 months HK$'000	Over 3 months but not more than 1 year HK$'000	Over 1 year but not more than 2 years HK$'000	Over 2 years but not more than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
At 31 March 2025								
Accounts and other payables	–	13,052	–	–	–	–	–	13,052
Amount due to a related party	–	1,833	–	–	–	–	–	1,833
Bank borrowing	3.00	262	785	1,047	4,188	2,357	8,639	7,644
Lease liabilities	3.43	1,772	5,435	3,548	5	–	10,760	10,468

	Weighted average interest rate %	On demand or less than 3 months HK$'000	Over 3 months but not more than 1 year HK$'000	Over 1 year but not more than 2 years HK$'000	Over 2 years but not more than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
At 31 March 2024								
Accounts and other payables	–	14,239	–	–	–	–	14,239	14,239
Amount due to a related party	–	1,485	–	–	–	–	1,485	1,485
Bank borrowing	3.63	268	806	1,074	3,223	4,568	9,939	8,431
Lease liabilities	3.91	1,676	3,238	2,512	349	–	7,775	7,528

Fair value measurements of financial instruments

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

34. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Issued and fully paid share capital	Attributable equity interest held by the Company 2025	2024	Principal activities
Medinet BVI	BVI 12 August 2015	US$1,000 ordinary shares	**100%**	100%	Investment holding
Well Being Dental Services Limited	Hong Kong 22 December 1994	HK$10,000,000 ordinary shares	**100%**	100%	Provision of dental solutions and dental services
Medinet Services Limited	Hong Kong 29 March 1994	HK$10,000,000 ordinary shares	**100%**	100%	Provision of medical solutions services
Medinet Health Centre Limited	Hong Kong 9 December 1998	HK$500,000 ordinary shares	**100%**	100%	Provision of medical consultation service
Men's Health Solutions Limited	Hong Kong 20 October 2003	HK$10,000 ordinary shares	**100%**	100%	Provision of medical consultation service
Medinet Genetics Limited	Hong Kong 12 December 2017	HK$2,000,000 ordinary shares	**100%**	100%	Provision of laboratory services
Medinet Privilege Limited	Hong Kong 22 August 2016	HK$10,000 ordinary shares	**100%**	100%	Provision of online service to sell dental and medical consultation services
Master Clever Limited (Note (i))	Hong Kong 30 June 2016	HK$1 ordinary shares	**–**	100%	Provision of dental services
Shenzhen Medinet Dental Clinic Limited* 深圳醫匯卓越時代口腔門診部#	PRC 23 August 2017	RMB3,000,000 registered capital	**100%**	100%	Provision of dental solutions and dental services
Medinet Medical Services (Shenzhen) Limited* 醫匯醫療服務(深圳)有限公司#	PRC 23 February 2017	HK$1,000,000 registered capital	**100%**	100%	Provision of medical consultation service
Great Smile Limited	Hong Kong 11 August 2021	HK$300,000 ordinary shares	**70%**	70%	Provision of invisible orthodontic braces

* English translation for identification purpose only.

\# These are companies registered as wholly-foreign-owned enterprises under PRC law.

Note (i): The subsidiary was disposed on 19 February 2025. Further details please refer to Note 31.

Except for Medinet BVI, all of the above subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows was, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Bank borrowing HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2023	–	9,823	9,823
Financing cash flows	8,194	(8,205)	(11)
Finance costs	237	423	660
New leases entered	–	5,492	5,492
Lease early terminated	–	(5)	(5)
At 31 March 2024	8,431	7,528	15,959
Financing cash flows	(1,062)	(7,604)	(8,666)
Finance costs	275	380	655
New leases entered	–	10,164	10,164
At 31 March 2025	7,644	10,468	18,112

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
Non-current assets		
Investment in a subsidiary	**20,481**	20,481
Amount due from a subsidiary	**4,811**	4,595
	25,292	25,076
Current assets		
Amounts due from subsidiaries	**8,478**	8,708
Other receivables and prepayments	**165**	173
Bank balances	**348**	109
	8,991	8,990
Current liabilities		
Accruals and other payables	**237**	147
Amounts due to subsidiaries	**12,413**	19,110
	12,650	19,257
Net current liabilities	**(3,659)**	(10,267)
Net assets	**21,633**	14,809
Capital and reserves		
Share capital	**10,400**	10,400
Reserves	**11,233**	4,409
Total equity	**21,633**	14,809

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserves:

	Share premium HK$'000 (Note i)	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	125,065	796	(121,990)	3,871
Profit and total comprehensive income for the year	–	–	538	538
At 31 March 2024	125,065	796	(121,452)	4,409
Profit and total comprehensive income for the year	–	–	6,824	6,824
At 31 March 2025	125,065	796	(114,628)	11,233

Note:

(i) As at 31 March 2016, share premium of the Company represents the difference between the nominal value of the shares allotted and issued by the Company for acquisition of Medinet (BVI) and the carrying amount of Medinet (BVI) on 11 November 2015.

FINANCIAL SUMMARY

For the five years ended 31 March 2021, 2022, 2023, 2024 and 2025

RESULTS

	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Revenue	129,481	121,068	110,392	116,248	**106,390**
Profit (loss) before taxation	4,746	(6,735)	(25,463)	(7,999)	**8,092**
Income tax credit (expense)	9	358	313	(105)	**(33)**
Profit (loss) for the year	4,755	(6,377)	(25,150)	(8,104)	**8,059**

ASSETS AND LIABILITIES

	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Total assets	75,888	68,460	42,875	42,026	**51,652**
Total liabilities	(32,840)	(31,822)	(31,546)	(38,845)	**(40,502)**
Net assets	43,048	36,638	11,329	3,181	**11,150**
Equity attributable to owners of the Company	43,048	36,799	11,758	3,632	**11,604**
Non-controlling interests	–	(161)	(429)	(451)	**(454)**
	43,048	36,638	11,329	3,181	**11,150**

MediNet
Group Ltd
醫 滙 集 團 有 限 公 司