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*This report, for which the directors (the “**Directors**”) of MediNet Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.MediNetGroup.com.

Corporate Information

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

AUDIT COMMITTEE MEMBERS

Mr. Leung Po Hon (*Chairman*)
Mr. Wong Wai Leung
Mr. Kwok Sze Chi

NOMINATION COMMITTEE MEMBERS

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

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

AUTHORISED REPRESENTATIVES

Mr. Chan Chi Wai, Nelson
Mr. Leung Man Fai

LEGAL ADVISER

As to Hong Kong Law
Michael Li & Co.
Solicitors, Hong Kong

INDEPENDENT AUDITOR

D & PARTNERS CPA LIMITED
Certified Public Accountants

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

Corporate Information

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
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

COMPANY'S WEBSITE

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

STOCK CODE

8161

Financial Highlights

- The revenue of the Group amounted to approximately HK\$66.3 million for the six months ended 30 September 2021, representing an increase of approximately HK\$0.8 million as compared with the six months ended 30 September 2020.
- The profit for the period of the Group is approximately HK\$0.2 million for the six months ended 30 September 2021, representing a decrease of approximately HK\$3.9 million as compared with the six months ended 30 September 2020.
- The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 September 2021.

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF MEDINET GROUP LIMITED

醫匯集團有限公司

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of MediNet Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 7 to 24, which comprise the condensed consolidated statement of financial position as of 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong

12 November 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	66,316	65,466
Other income	4	518	3,230
Other losses	5	–	(265)
Medical and dental professional services expenses		(24,184)	(23,324)
Staff costs		(21,110)	(19,112)
Depreciation of property, plant and equipment		(1,474)	(1,548)
Depreciation of right-of-use assets		(4,744)	(3,985)
Cost of medical and dental supplies		(6,420)	(6,541)
Rental expenses		(452)	(955)
Other expenses		(7,261)	(7,645)
Amortisation of intangible assets		(786)	(786)
Interest on lease liabilities		(341)	(369)
Profit before taxation	6	62	4,166
Income tax credit (expense)	7	163	(258)
Profit for the period		225	3,908
Other comprehensive (expense) income for the period			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		(107)	82
Total comprehensive income for the period		118	3,990
Profit per share — Basic (Hong Kong cents)	9	0.02	0.38

Condensed Consolidated Statement of Financial Position

At 30 September 2021

	Notes	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	5,469	6,747
Right-of-use assets		12,957	12,528
Other intangible assets		2,357	3,143
Goodwill		19,483	19,483
Rental deposits	11	2,045	2,290
Deferred tax assets		1,417	1,293
		43,728	45,484
Current assets			
Inventories		691	653
Accounts and other receivables	11	8,809	7,715
Amounts due from related parties		164	274
Tax recoverable		1,353	1,110
Bank balances and cash		23,376	20,652
		34,393	30,404

Condensed Consolidated Statement of Financial Position

At 30 September 2021

	Notes	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Current liabilities			
Accounts and other payables	12	12,655	10,604
Tax liabilities		31	–
Contract liabilities	12	7,560	6,369
Lease liabilities		8,087	8,834
Provision for reinstatement costs		91	205
		28,424	26,012
Net current assets			
		5,969	4,392
Total assets less current liabilities			
		49,697	49,876
Non-current liabilities			
Lease liabilities		5,008	5,414
Deferred tax liabilities		511	680
Provision for reinstatement costs		1,012	734
		6,531	6,828
Net assets			
		43,166	43,048
Capital and reserves			
Share capital	13	10,400	10,400
Reserves		32,766	32,648
		43,166	43,048

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	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	Total HK\$'000
At 1 April 2021 (audited)	10,400	51,853	(1,253)	20,515	38	(38,505)	43,048
Profit for the period	-	-	-	-	-	225	225
Exchange differences arising on translation	-	-	-	-	(107)	-	(107)
Total comprehensive income for the period	-	-	-	-	(107)	225	118
At 30 September 2021 (unaudited)	10,400	51,853	(1,253)	20,515	(69)	(38,280)	43,166
At 1 April 2020 (audited)	10,400	51,853	(1,253)	20,515	(14)	(43,260)	38,241
Profit for the period	-	-	-	-	-	3,908	3,908
Exchange differences arising on translation	-	-	-	-	82	-	82
Total comprehensive expense for the period	-	-	-	-	82	3,908	3,990
At 30 September 2020 (unaudited)	10,400	51,853	(1,253)	20,515	68	(39,352)	42,231

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 was the ultimate owner and the controlling shareholder. The interest-free loan was initially measured at its fair value of HK\$12,410,000 at an effective interest rate of 3.25% per annum and subsequently carried at amortised cost using effective interest method. The fair value adjustment of HK\$1,253,000 at initial recognition of the interest-free loan were recognised in equity as deemed distribution to a shareholder. The loan was settled during the year ended 31 March 2016.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	9,025	14,549
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(196)	(1,681)
Repayment from (advance to) related parties	104	(59)
Interest received	1	5
Refund of rental deposits	-	250
NET CASH USED IN INVESTING ACTIVITIES	(91)	(1,485)
FINANCING ACTIVITIES		
Repayment of lease liabilities, including related interests	(6,245)	(4,651)
Repayment to a related party	-	(130)
CASH USED IN FINANCING ACTIVITIES	(6,245)	(4,781)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,689	8,283
Effect of foreign exchange rate changes	35	150
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20,652	15,895
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	23,376	24,328

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform
— Phase 2

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION

Dental solutions and dental services consists of (i) dental solutions provided to corporations, insurance companies and individual customers; and (ii) dental services and invisalign treatment services provided to self-paid patients who pay out of their own expense below.

Dental solutions

The Group's dental solutions services represent annual retainer fee derived from annual retainer contracts entered with corporations, insurance companies and individual customers. The customers would generally pay a fixed amount of annual fee per plan member and each plan member would generally be entitled to certain dental services free of charge or at specified prices 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 services to the customers are to provide dental solutions services to these customers, while these customers are entitled to consume the dental services simultaneously.

The Group satisfied the performance obligation by providing dental solutions services to corporations, insurance companies and individual customers within the agreed contract period and these customers would be entitled to consume dental services throughout the contract period. As the directors of the Group considered the Group has fulfilled its performance obligations throughout a period of time and revenue is therefore recognised throughout the service period.

Dental services

The Group's general dental services represent dental care services such as 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Dental services *(Continued)*

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. As the directors considered the Group has fulfilled its performance obligations throughout a period of time and revenue is therefore recognised throughout the service period.

Medical solutions and medical services consist of (i) medical solutions provided to corporations and insurance companies; and (ii) medical services provided to self-paid patients who pay out of their own expense below.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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. 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.

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

Six months ended 30 September 2021

	Dental solutions and dental services HK\$'000 (Unaudited)	Medical solutions and medical services HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
SEGMENT REVENUE					
External revenue	40,552	25,764	66,316	-	66,316
Inter-segment revenue	542	3,176	3,718	(3,718)	-
Segment revenue	41,094	28,940	70,034	(3,718)	66,316
Segment profit (loss)	(628)	1,810	1,182		1,182
Unallocated expenses					(1,398)
Unallocated income					278
Unallocated losses					-
Profit before taxation					62

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 30 September 2020

	Dental solutions and dental services HK\$'000 (Unaudited)	Medical solutions and medical services HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
SEGMENT REVENUE					
External revenue	37,105	28,361	65,466	-	65,466
Inter-segment revenue	388	-	388	(388)	-
Segment revenue	37,493	28,361	65,854	(388)	65,466
Segment profit	823	1,661	2,484		2,484
Unallocated expenses					(1,503)
Unallocated income					3,230
Unallocated losses					(45)
Profit before taxation					4,166

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue from type of services

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Provision of healthcare solutions to contract customers, which mainly comprise of corporations and insurance companies:		
Medical solutions		
– Insurance companies	11,141	9,413
– Corporations	4,522	7,547
	15,663	16,960
Dental solutions	2,697	2,851
Provision of healthcare services to self-paid patients, which refer to individual patients who visit the medical centres or dental clinics run by the Group and pay out of their own expenses:		
Medical services	10,101	11,401
Dental services	37,855	34,254
	66,316	65,466

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. OTHER INCOME

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	1	5
Rental income	180	481
Rent concession	240	–
Government grant	–	2,714
Others	97	30
	518	3,230

5. OTHER LOSSES

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss on written off of property, plant and equipment	–	(45)
Fair value change of contingent consideration payable	–	(220)
	–	(265)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

6. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Directors' remuneration	2,496	2,388
Salaries and allowance for staff excluding directors	18,206	16,179
Retirement benefit scheme contributions for staffs excluding directors	408	545
Total staff costs	21,110	19,112
Medical and dental professional services expenses	24,184	23,324
Cost of inventories recognised as an expense	6,420	6,541
Operating lease rentals	452	955
Auditor's remuneration	150	200

7. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax	(128)	(516)
Deferred tax credit	291	258
	163	(258)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

7. INCOME TAX CREDIT (EXPENSE) (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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 in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the 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.

8. DIVIDENDS

The directors of the Company do not recommend any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

9. EARNINGS PER SHARE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the purpose of calculating basic earnings per share for the period	225	3,908
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,040,000	1,040,000

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group has written off certain property, plant and equipment resulting in a loss on written off of property, plant and equipment HK\$45,000. There is no written off of property, plant and equipment taken place during the six months ended 30 September 2021.

In addition, the Group spent approximately HK\$196,000 (six months ended 30 September 2020: HK\$1,681,000), during the period on acquisition of property, plant and equipment for the purpose of expanding and upgrading the Group's capacity for operation.

11. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Accounts receivables	5,342	3,684
Other receivables		
– Other receivables	1,106	1,064
– Prepayments	1,235	2,106
– Rental and utility deposits	3,171	3,151
Total accounts and other receivables	10,854	10,005
Less: Receivables within twelve months shown under current assets	8,809	(7,715)
Rental deposits shown under non-current assets	2,045	2,290
Presented in the condensed consolidated statement of financial position		
– Rental deposits	2,045	2,290

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 or banks within 60 to 90 days from the invoice dates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

11. ACCOUNTS AND OTHER RECEIVABLES, RENTAL DEPOSITS (Continued)

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Within 30 days	3,466	2,583
31 to 60 days	1,585	1,012
61 to 90 days	246	49
91 to 180 days	45	40
	5,342	3,684

12. ACCOUNTS AND OTHER PAYABLES AND CONTRACT LIABILITIES

(A) Accounts and other payables

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Accounts payables	7,366	5,321
Other payables	1,465	1,358
Accrued expenses	3,824	3,925
	12,655	10,604

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

12. ACCOUNTS AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

(A) Accounts and other payables (Continued)

The following is an aged analysis of accounts payables based on the invoice date at the end of each period:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Within 30 days	4,662	2,539
31 to 60 days	1,326	2,752
61 to 90 days	1,377	–
91 to 180 days	1	30
	7,366	5,321

(B) Contract liabilities

Contract liabilities represent advance payments from customers which would be expected to be fully recognised as revenue approximately within two years from the end of reporting period.

13. SHARE CAPITAL

The share capital of the Group at 30 September 2021 represented the issued and fully paid share capital of the Company up to 30 September 2021:

	Number of shares	Share capital HK\$
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 30 September 2021	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 30 September 2021	1,040,000,000	10,400,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	3,857	3,722
Post-employments benefits	41	45
	3,898	3,767

Other than the above, the Group entered into the following related party transactions during the period:

Related party	Relationship	Nature of transaction	Six months ended 30 September	
			2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Face Factor Limited	Related company	Rental income	180	376
I-Teeth Limited	Related company	Dental professional services expense	7,122	6,341
		Rental expense	48	48
Karvin Investment Limited	Related company	Rental expense	150	150
Dr. Chiu Chong Po Kenny ¹	Related party	Rental expense	252	252

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

Management Discussion and Analysis

INTRODUCTION

MediNet is one of the well-known corporate healthcare solution providers in Hong Kong for more than 25 years. We are principally engaged in the provision of medical and dental solutions to corporates and insurance companies. Based on the client's need, budget and scope of healthcare benefits desire, we provide customized, reliable, coordinated, comprehensive healthcare solutions for our contract customers. We also self-operated six dental clinics, two medical centres and one genetics laboratory centre in Hong Kong and one top-notch dental clinic in Shenzhen. Our goal is to help our clients to build a strong body and maintain their health while facing different goals and challenges in their everyday lives.

BUSINESS REVIEW AND OUTLOOK

For the period under review, the Group's revenue was HK\$66.3 million, as compared with approximately HK\$65.5 million for the six months ended 30 September 2020, representing an increase by approximately 1.3% or approximately 0.8 million. The net profit attributable to owners of the Company was approximately HK\$225,000 (six months ended 30 September 2020: a net profit approximately HK\$3,908,000). The decrease was mainly due to the absence of subsidy under Employment Supporting Scheme (the "ESS") of the Hong Kong Government in the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$2,714,000).

Going forward, it is generally expected that the economic and general impact of COVID-19 will start diminishing in Hong Kong. Our management team will further strengthen our efforts in the dental business and continue to seize the opportunity to broaden the sources of income and economize on the expenditure, also create sustainable value to our shareholder, client, staff and society.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK\$65.5 million for the six months ended 30 September 2020 to approximately HK\$66.3 million for the six months ended 30 September 2021. The following table sets forth a breakdown of the Group's revenue with comparative figure:

	Six months ended 30 September 2021 HK\$'000	Six months ended 30 September 2020 HK\$'000	Increase/ (decrease) %
Medical solutions to contract customers	15,663	16,960	(7.6%)
Medical services to self-paid patients	10,101	11,401	(11.4%)
Dental solutions to contract customers	2,697	2,851	(5.4%)
Dental services to self-paid patients	37,855	34,254	10.5%
	66,316	65,466	

The revenue of medical solutions to contract customers decreased by approximately 7.6% from approximately HK\$17.0 million for the six months ended 30 September 2020 to approximately HK\$15.7 million for the six months ended 30 September 2021, which was primarily due to the decrease in the number of visits of contract customers.

The revenue of medical services to self-paid patients also decreased by approximately 11.4% from approximately HK\$11.4 million for the six months ended 30 September 2020 to approximately HK\$10.1 million for the six months ended 30 September 2021, which was primarily due to the decrease in demand from self-paid patients for medical consultation service.

The revenue of dental solutions to contract customers decreased by approximately 5.4% from approximately HK\$2.9 million for the six months ended 30 September 2020 to approximately HK\$2.7 million for the six months ended 30 September 2021, which was primarily due to the decrease in the number of contract customers and individuals for dental solutions.

The revenue of dental services to self-paid patients increased by approximately 10.5% from approximately HK\$34.3 million for the six months ended 30 September 2020 to approximately HK\$37.9 million for the six months ended 30 September 2021, which was primarily due to the increase in the number of visits from patients seeking secondary dental services.

Management Discussion and Analysis

Other income

Other income significantly decreased by approximately 84.0% from approximately HK\$3.2 million for the six months ended 30 September 2020 to approximately HK\$0.5 million for the six months ended 30 September 2021 which was primarily due to the absence of ESS from Hong Kong Government to subsidize salary payment.

Medical and dental professional services expenses

Medical and dental professional services expenses primarily comprised of fees paid to (i) affiliated doctors and affiliated auxiliary services providers rendered within the MediNet Network; (ii) engaging external specialist dentist; (iii) third party laboratories for services rendered to the Group; and (iv) the Group's doctors and dentists.

The Group's medical and dental professional services expenses increased by approximately 3.7% from approximately HK\$23.3 million for the six months ended 30 September 2020 to HK\$24.2 million for the six months ended 30 September 2021, which was primarily due to the increase in aggregate amount paid to affiliated doctors, affiliated auxiliary services providers, external dentists and doctors as well as third party laboratories services.

Staff costs

Staff costs increased by approximately 10.5% from approximately HK\$19.1 million for six months ended 30 September 2020 to HK\$21.1 million for the six months ended 30 September 2021, which was primarily due to the increase in the staff salary during the six months ended 30 September 2021.

Depreciation and Amortisation

Depreciation of property, plant and equipment decreased from approximately HK\$1.5 million for the six months ended 30 September 2020 to approximately HK\$1.4 million for the six months ended 30 September 2021.

Depreciation of right-of-use assets increased from approximately HK\$4.0 million for the six months ended 30 September 2020 to approximately HK\$4.7 million for the six months ended 30 September 2021.

The Group recorded amortisation of intangible asset amounted to approximately HK\$786,000 for both six months ended 30 September 2020 and 2021.

Management Discussion and Analysis

Cost of medical and dental supplies

Cost of medical and dental supplies decreased by approximately 1.8% from approximately HK\$6.5 million for the six months ended 30 September 2020 to approximately HK\$6.4 million for the six months ended 30 September 2021.

Rental expenses

The Group recorded rental expenses of approximately HK\$452,000 for the six months ended 30 September 2021 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 comprises (i) general overhead and administrative expenses such as repair and maintenance expenses, printing costs and insurance expenses etc; (ii) professional and legal fees; (iii) utilities expenses; and (iv) bank charges mainly relating to credit card and instalment charges from bank. Other expenses decreased by approximately 5.0% from approximately HK\$7.6 million for the six months ended 30 September 2020 to approximately HK\$7.3 million for the six months ended 30 September 2021. Such decrease was primarily due to the decrease in repair and maintenance expense and effective cost control on general and administrative expenses.

Income tax credit (expense)

The Group recorded income tax credit of approximately HK\$163,000 for the six months ended 30 September 2021, primarily due to the decrease in tax assessable income, as compared to income tax expense of approximately HK\$258,000 for the six months ended 30 September 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2021 was 1.2 times (31 March 2021: 1.2 times).

CAPITAL STRUCTURE

As at 30 September 2021, the Company's issued share capital was HK\$10,400,000 and the number of its ordinary shares was 1,040,000,000 of HK\$0.01 each.

Management Discussion and Analysis

SEGMENT INFORMATION

Segment information for the Group is presented in note 3 of the notes to the unaudited condensed consolidated financial statements.

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 30 September 2021.

Material acquisitions and disposal of subsidiaries, associated and joint ventures

The Group did not have any material acquisition or disposal of subsidiaries, associated and joint ventures.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had a total of 106 employees (30 September 2020: 107 employees). The staff costs including directors' remuneration in the form of salaries and other benefits was approximately HK\$19.9 million for the six months ended 30 September 2021 (30 September 2020: approximately HK\$19.1 million). Remuneration is determined with reference to market terms, performance, position, experience and seniority. The remuneration packages are normally renewed on annual basis based on performance appraisals and other relevant factors to ensure that the pay levels of our employees are competitive and are rewarded on a performance related basis.

In addition, the remuneration of the Directors are reviewed by the remuneration committee of the Company and approved by the Board, according to the relevant Director's experience, responsibility, workload and time devoted to the Group.

Management Discussion and Analysis

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, the interests and short positions of the each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in the ordinary shares of the Company

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

Notes:

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

Management Discussion and Analysis

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

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

Notes:

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

Save as disclosed above, as at 30 September 2021, 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.

Management Discussion and Analysis

B. Substantial shareholders' and other persons' interests and short positions in shares, underlying shares and debentures of the Company

As at 30 September 2021, 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)	585,000,000 (L)	56.25%
NSD Capital Limited ("NSD Capital")	Beneficial owner (Note 3)	195,000,000 (L)	18.75%
Convoy Asset Management Limited ("CAM")	Interest of a controlled Corporation (Note 3)	195,000,000 (L)	18.75%
Favour Sino Holdings Limited ("Favour Sino")	Interest of a controlled Corporation (Note 3)	195,000,000 (L)	18.75%
Convoy (BVI) Limited ("Convoy (BVI)")	Interest of a controlled Corporation (Note 3)	195,000,000 (L)	18.75%
Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) ("Convoy Global")	Interest of a controlled Corporation (Note 3)	195,000,000 (L)	18.75%

Notes:

1. The letter "L" denotes to long position in the shares of the Company.
2. Medinet International Limited is wholly and beneficially owned by Mr. Chan. Therefore, Mr. Chan is deemed to be interested in the shares of the Company held by Medinet International Limited under Part XV of SFO. Mr. Chan is the sole director of Medinet International Limited.
3. NSD Capital is an exempted company incorporated in the Cayman Island with limited liability, the management shares of which are wholly owned by CAM, a wholly-owned subsidiary of 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 of the Company held by NSD Capital under the SFO.

Save as disclosed above, as at 30 September 2021, none of the substantial shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the period ended 30 September 2021.

PURCHASE, SALES OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2021.

CORPORATE GOVERNANCE CODE

Pursuant to the code provision A.2.1 of the Corporate Governance Code ("**CG Code**"), as set out in Appendix 15 of the GEM Listing Rules, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Chan currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

As at 30 September 2021, save as disclosed above, the Company has complied with the applicable code provisions of the CG Code.

CHANGES OF DIRECTORS' INFORMATION

The change in the Directors' information subsequent to the date of the annual report for the year ended 31 March 2021, as required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules, is as follows:

Name of Director	Details of Changes
Mr. Kwok Sze Chi	As disclosed in the Company's announcement dated 30 June 2021, Mr. Kwok Sze Chi was appointed as independent non-executive director and member of audit committee of the Company with effect from 1 July 2021.
Dr. Lieu Geoffrey Sek Yiu	As disclosed in the Company's announcement dated 30 June 2021, Dr. Lieu Geoffrey Sek Yiu resigned as independent non-executive director and member of audit committee of the Company with effect from 1 July 2021.

Other Information

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by directors on terms no less exacting than the required standards of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the Required Standard of Dealings during the six months ended 30 September 2021.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place since the interim period for the six months ended 30 September 2021.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 19 May 2016 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are, among other things, (i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; (ii) to review and monitor the internal control and risk management systems, the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and (iii) and to monitor the integrity of the Company’s annual report, interim report and quarterly reports before submission to the Board. The Audit Committee consists of three independent non-executive Directors, namely Mr. Leung Po Hon, Mr. Wong Wai Leung and Mr. Kwok Sze Chi. Mr. Leung Po Hon currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021.

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

Hong Kong, 12 November 2021

MediNet
Group Ltd
醫匯集團有限公司