[FOR IMMEDIATE RELEASE]

HSBC and CGS-CIMB maintain "Buy" and "Add" ratings for Union Medical Healthcare and raise target price to HK$7.50 and HK$6.81 respectively

(30 November 2020, Hong Kong) **Union Medical Healthcare Limited** ("Union Medical Healthcare" or the "Company", which together with its subsidiaries is referred to as the "Group", SEHK stock code: 2138), the largest non-hospital medical group in Hong Kong* is pleased that HSBC Global Research (HSBC) has maintained a "Buy" rating and CGS-CIMB Securities (CGS-CIMB) has kept an "Add" rating for the Group and raised the target price to HK$7.50 and HK$6.81 respectively.

The summary of the HSBC report is set out below:

- HSBC remains positive on the group, considering the below:
- For 2HFY21e: Despite constant adjustments to the social distancing measures in Hong Kong, UMH's contract sales seem to have bottomed out and remained steady in 1Q-2QFY21. HSBC expects this to continue and the relatively low base in 2HFY20 should also help: contract sales y-o-y turned positive (at 8%) in October 2020.
- In the long run: Supported by sufficient fund availability, UMH appears to be a market consolidator and on track to deliver its aggressive plan of reaching HKD6bn of revenue in FY25e, as it keeps expanding despite the weak operating environment. Its efforts to expand in mainland China should also reduce its market concentration risk.
- UMH has announced four key fund raising activities, including the recent issuance of convertible bonds and warrants which could potentially raise ~HKD614m, and three major M&As this year (see Exhibits 6-7). Among them, there should be synergy between the acquired Obstetrics and Gynaecology Business ("O&G") chain and the group's female-focused client base and the acquisition should also allow the group to enter into the promising reproductive services market, in the firm's view.

The summary of the CGS-CIMB report is set out below:

- Stay invested. CGS-CIMB retains the earnings forecasts as they expect a strong operational recovery, underpinned by easing Covid-19 concerns (potential vaccine availability in the near term), reopening of China-HK borders and the contribution from the recent M&As. The firm raises the TP to HK$6.81 as they roll over to CY22F and peg to 12x P/E (from 15x), still peg to its HK-listed China healthcare service peers. Potential share price catalysts include the easing of Covid-19 outbreak. A risk is prolonged outbreak.

- End -

<u>About Union Medical Healthcare Limited</u>

Union Medical Healthcare is Hong Kong's largest non-hospital medical service provider*, leveraging its core businesses of preventive and precision medicine, and committed to developing medical artificial intelligence by integrating its multi-disciplinary medical services. The move, which is supported by the Group's high-end branding and quality customer services, is aimed at offering customers safe and effective medical services with professionalism.

The Group principally engages in the provision of one-stop medical and health care services in Greater China. The Group provides a full range of services and products under its well-known brands, including those of its one-stop aesthetic medical solutions provider DR REBORN which has ranked first in Hong Kong by sales for years, primary care clinics jointly established with Tencent Doctorwork, chiropractic services centre SPINE Central, New York Spine and Physiotherapy Center NYMG, health management centre re:HEALTH, a vaccine centre Hong Kong Professional Vaccine HKPV, a comprehensive dental centre UMH DENTAL CARE, a diagnostic and imaging centre HKAI, an oncology treatment centre reVIVE, a day procedure centre HKMED, a specialty clinic SPECIALISTS CENTRAL, obstetrics and gynecology specialist Zenith Medical Center and Prenatal Diagnosis Centre, specialists central New Medical Center, Hong Kong International Cardiology Center and a professional hair care center HAIR FOREST.

*According to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019

For further information, please contact:
iPR Ogilvy Limited
Callis Lau / Molisa Lau / Shana Li / Ada Chew
Tel: (852) 2136 6952 / 2136 6953 / 3920 7649 / 3920 7650
Fax: (852) 3170 6606
Email: umh@iprogilvy.com