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EC Healthcare Announces FY2020/21 Annual Results
Revenue from Medical Services Surged 54.0%
Revenue from Mainland Business Soared 52.5%
Consolidates and Corporatizes Hong Kong Medical market
Accelerates Deployment in Mainland China's Consumer Medical Services Market

Business Highlights

- Introduced numerous strategic shareholders including Dr. Cheng Chi Kong, Goldman Sachs Asia, Champion REIT, etc.
- Revenue from medical services surged 54.0% to HK\$960 million, with its contributions to total revenue rose to 46.1%
- Revenue in the Mainland China increased by 52.5% to HK\$135 million
- Second-half total revenue jumped 61.0% versus first half, second-half profit after tax surged by 223.2% versus first half
- Earnings before interest, taxes, depreciation, and amortization ("EBITDA") amounted to HK\$397 million, profit after tax was HK\$226 million and basic earnings per share were 18.8 HK cents
- The board of directors (the "Board") proposed final cash dividend of 12.9 HK cents per share, which together with the interim dividend of 3 HK cents per share, will bring the total annual dividend to 15.9 HK cents per share, representing an annual dividend payout ratio of 84.6%
- As at 31 March 2021, the Group's full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau increased to 139, with more than 500 network doctors
- As at 31 March 2021, the Group's aggregate floor area of clinics and service centres increased by 32% to 398,000 sq. ft

(30 June 2021, Hong Kong) **EC Healthcare** (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, announces today its annual results for the fiscal year ended 31 March 2021 (the "Year").

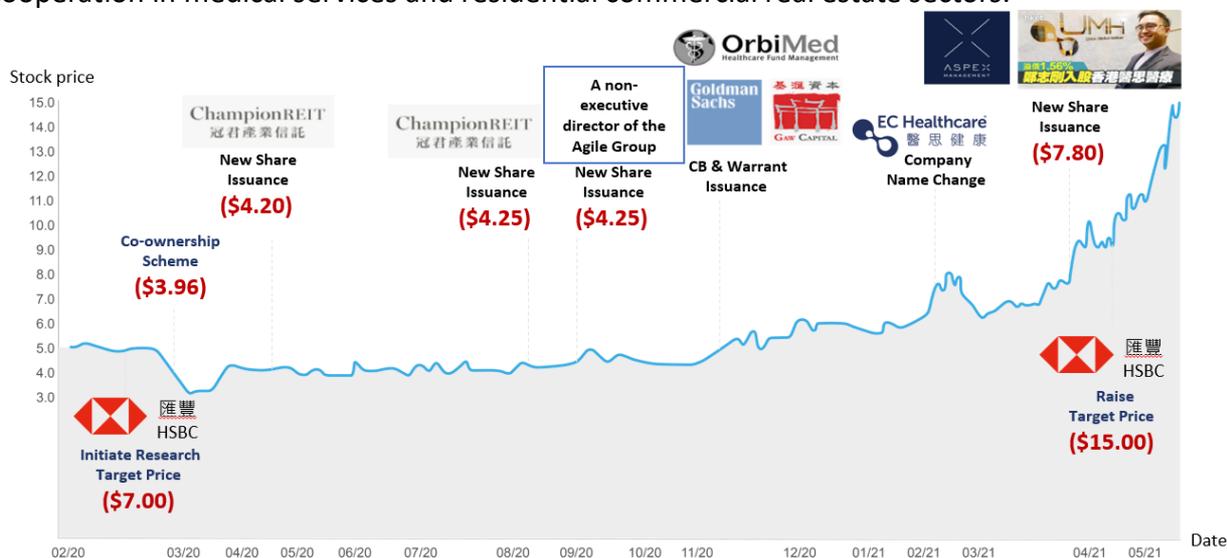
During the Year, despite the COVID-19 pandemic brought unprecedented challenges to the global economy, the Group once again demonstrated business resilience and maintained a stable performance under adversity. Under the leadership of management with strong execution capabilities, the Group promptly adopted appropriate measures and proactively responded to the

market changes, while at the same time grasping the development and investment opportunities to consolidate the Group's strengths. The Group boosted sales in the Hong Kong local market and in Mainland China through proactive client engagement and stepped-up e-commerce campaigns. During the Year, the Group acquired several medical establishments while striving to stimulate cross-selling among different medical disciplines and build up a unique enclosed eco-system in order to expand the Group's market share in healthcare medical services market and consolidate its leading position in the industry.

Benefited from the Group's medical asset integration strategy and the rigid demand for medical services in the market, the revenue from medical services offered by the Group still increased significantly by 54.0% to HK\$960 million year-on-year ("yoy"), despite the absence of medical tourists due to the lockdown, and the contributions of medical services to the total revenue rose by 14.1 percentage points to 46.1%, coupled with the revenue from the Mainland China increased by 52.5% to HK\$135 million, driving the total revenue to increase 6.8% to HK\$2.08 billion. In particular, the growth momentum in the second half of the Year was strong, with second-half revenue soared by 61.0% compared to the first half of the Year and second-half profit after tax surged by 223.2% versus the first half of the Year. The Group's profit after tax was HK\$226 million and the basic earnings per share were 18.8 HK cents. EBITDA, which serves as a more precise indicator of the Group's profitability by excluding interest, tax, depreciation-owned property, plant and equipment, amounted to HK\$397 million. The Board proposed a final cash dividend of 12.9 HK cents per share, which together with the interim dividend of 3 HK cents per share, will bring the total annual dividend to 15.9 HK cents per share, representing an annual dividend payout ratio of 84.6%.

Strong Fund-raising Capabilities and Stellar M&A Execution

To seize the first-mover advantage in the market and accelerate deployment in business segments with potential and market expansion in the Greater Bay Area, the Group introduced numerous strategic shareholders (For details, please refer to the chart below), demonstrating the Group's outstanding fund-raising capabilities. In April 2021, the Group introduced Dr. Cheng Chi Kong, Executive Vice Chairman and Chief Executive Officer of New World Development Co., Ltd. (SEHK stock code: 17) as its strategic shareholders through shares placement. It is expected to further empower the Group to deploy the medical real estate strategy. Leveraging Dr. Cheng's related strategic value of high-quality investment properties, this will facilitate the Group's precise layout in its business development across Hong Kong and the Mainland China and deepen the cross-sector cooperation in medical services and residential commercial real estate sectors.



During the Year, the Group continued the acquisition of other medical establishments to develop new medical services and broadening of services spectrum (For details, please refer to the table

below). The Group also focused on integrating the acquired businesses in order to fully exploit the synergies with the existing businesses of the Group, thereby further consolidating the Group's industry leadership as an integrated medical and healthcare group.

Major acquired assets	Valuation (HKD)
Acquisition of medical laboratory chain (75% equity interest)	450,000,000
Acquisition of obstetrics and gynaecology clinic chain (51% equity interest)	167,000,000
Acquisition of Pain and Wellness (24% equity interest)	394,000,000
Acquisition of New Medical Centre (51% equity interest)	377,000,000

Rapid Organic Growth and Mature Replication Capability

The Group adheres to developing its businesses through organic growth as well as mergers and acquisitions. During the Year, the Group opened new clinics and service centres to fulfill the growing demand for medical and healthcare service. (For details, please refer to the table below) As at 31 March 2021, the Group's aggregate floor area of clinics and service centres increased by 32.2% to (398,000) sq. ft.. The Group had 139 full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau, representing a yoy increase of 44.8%. The Group also had more than 500 network doctors.

Leveraging its efficient corporatization capabilities and excellent operating capability in the aesthetic medical market and its proven outstanding capability in consolidating the Hong Kong medical market, the Group has been continuously investing in the brand strength, quality service and IT platform to empower the fragmented and inefficient service assets, and further promote integration in the healthcare market. The Group's average time for a new centre opening is only 75 days, its annualized customer retention rate exceeds 81% and the customer acquisition cost only accounts for 5.3% of the revenue, which is way ahead the industry. Also, the Group's new store can break even in six months on average and achieve EBITDA breakeven in nine months on average. The quick light-asset business model adopted by the Group for expanding business has become more mature.

Medical discipline	Location
Advanced Imaging Service Centre	2 new centres in Yuen Long and Tsim Sha Tsui, Hong Kong
Mainland Shenzhen Head Office	Futian, Shenzhen
Health Management and Haircare centre	Causeway Bay, Hong Kong (World trade Centre)
Pain Management Centre	8 new clinics in Hong Kong
Aesthetic Medical	3 new clinics in Mainland China

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of EC Healthcare said, "EC Healthcare is always committed to building up an enclosed healthcare eco-system, attracting and maintaining both public and private traffic, and achieving cross-selling among different business units to reinforce the loyalty of existing customers. The Group will continue to invest in and enhance its core competitiveness in terms of brand, service, IT and corporate culture, and actively explore strategic alliances with partners from different sectors covering property, pharmaceutical, insurance,

telecom and information technology in order to broaden the breadth and depth of our healthcare and wellness service offerings. On the other hand, the Group is expanding its market share by identifying potential acquisition targets or via an organic expansion in the Greater Bay Area. The Group hope to open 30 to 50 new service centres and achieve revenue target of HK\$6 billion by 2025, with HK\$100 million of which comes from the Mainland China.”

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About EC Healthcare

EC 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 healthcare and 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 and NEW MEDICAL CENTER, obstetrics and gynaecology specialist ZENITH MEDICAL CENTER AND PRENATAL DIAGNOSIS CENTRE, specialists central, a paediatric center PRIME CARE, cardiology center HONG KONG INTERNATIONAL CARDIOLOGY CENTER, PathLab Medical Laboratories and a professional hair care center HAIR FOREST.

*According to an independent research conducted by Frost and Sullivan in terms of revenue in 2019 and 2020

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