



## Union Medical Healthcare Announces FY2015/16 Annual Results

### Revenue Up 13.5% YoY to HK\$705 Million

1. Revenue increased by 13.5% to HK\$704.9 million, among which recognised revenue increased by 18.8% to HK\$452.8 million
2. Revenue from medical services increased by 25.9% to HK\$275.7 million, with medical services continue to be the primary contributor to the Group's revenue and profit
3. Growth in number of procedures performed by doctors in medical services business:
  - Minimally invasive procedures: increased by 42.3% from 33,500 last year to 47,680
  - Energy-based procedures: increased by 40.9% from 6,100 last year to 8,593
4. Number of Key Clients reached 9,400, up 11.9%; average spending per Key Client was HK\$51,000, up 4.1%
5. Number of clients who made at least one purchase of services or products during the year was 32,158, up 36.3% compared to 23,592 in the previous year
6. Sales contracts entered into during the year reached HK\$671.8 million, up 16.9%
7. Adjusted net profit attributable to equity shareholders of the Company for the year ended 31 March 2016 was HK\$182.8 million, up 1.6%
8. Basic earnings per share amounted to HK\$0.20
9. Recommended the declaration of a final dividend of HK\$0.0191 per share
10. As at 31 March 2016, the Group had two flagship and eight standard aesthetic medical centres, three aesthetic surgery centres and three standalone dental offices in Hong Kong

#### Financial Highlights

##### For the year ended 31 March

(HK\$'000)	2015/16	2014/15	Change
<b>Revenue</b>	<b>704,937</b>	621,090	+13.5%
➤ <i>Medical services</i>	<b>275,668</b>	218,981	+25.9%
➤ <i>Quasi-medical services</i>	<b>74,074</b>	62,642	+18.2%
➤ <i>Traditional beauty services</i>	<b>65,043</b>	66,883	-2.8%
➤ <i>Skincare and beauty products</i>	<b>38,031</b>	32,520	+16.9%
➤ <i>Revenue recognised from unutilised prepaid packages</i>	<b>252,121</b>	240,064	+5.0%
<b>Recognised revenue</b>	<b>452,816</b>	381,026	+18.8%
<b>Profit before tax</b>	<b>184,408</b>	210,597	-12.4%
<b>Adjusted net profit attributable to equity shareholders of the Company</b>	<b>182,850</b>	180,042	+1.6%
<b>Basic earnings per share (HK\$)</b>	<b>0.20</b>	0.24	-16.7%
<b>Net cash</b>	<b>354,718</b>	129,885	+173.1%

(13 June 2016, Hong Kong) **Union Medical Healthcare Limited** (“Union Medical Healthcare” or the “Company”; together with its subsidiaries, the “Group”, SEHK stock code: 2138), a leading aesthetic medical service provider in Hong Kong, announces today its annual results for the year ended 31 March 2016 (“Fiscal Year”).

During the Fiscal Year, the Group’s revenue increased by 13.5% from HK\$621.1 million for the previous year to HK\$704.9 million. Recognised revenue increased by 18.8% to HK\$452.8 million. Excluding the one-off listing expenses, adjusted net profit attributable to equity shareholders of the Company was HK\$182.8 million, representing a year-on-year increase of 1.6%. The Board recommended the declaration of a final dividend of HK\$0.0191 per share.

### **Broaden the range of aesthetic medical services**

During the reporting period, Union Medical Healthcare continued to maintain its leading market position, as the largest aesthetic medical service provider in Hong Kong in terms of revenue, and one of the top three service providers for Invisalign®, clear teeth aligners, in Hong Kong. Leveraging its leading position in the aesthetic medical service market, the Group continues to broaden the types of services it offers, as well as to continue its expansion in the rest of the Greater China. Medical services continued to be the primary contributor to the Group’s revenue and profits during the Fiscal Year.

The Group has achieved a strong and stable growth of contracted sales due to its ability to maintain and grow its client spending and number of clients who made purchases, especially the Key Clients, through its continuous marketing efforts and enhanced quality of services. As at 31 March 2016, number of the Group’s Key Clients was approximately 9,400, compared to 8,400 to the same period late year. Sales contracts entered into during the year reached HK\$671.8 million, compared to HK\$574.6 million last year.

The Group’s business in medical tourism sector experienced an increase during the Fiscal Year and its PRC clients contributed to 14% of revenue, up 5 percentage points. Such increase was primarily due to the Group’s marketing and sales effort, and cooperation with hotel groups and travel agencies.

As at 31 March 2016, Union Medical Healthcare had two flagship aesthetic medical centres in Hong Kong, which are located in Langham Place and the World Trade Centre, respectively. The Group also has eight standard aesthetic medical centres, three aesthetic surgery centres and three standalone dental offices. The Group also had two aesthetic medical clinics and one beauty service centre in Macau, and is also in the process of establishing aesthetic medical clinics in Shenzhen, Guangzhou and Shanghai, all of which are anticipated to be opened in calendar year 2016.

For the China market, as China further pushes forward its healthcare system reform, market players are expected to embrace new development opportunities. In addition, as the average household income and living standards in China continue to rise, there will be increasingly significant demand on discretionary healthcare services. The Group is committed to expanding its presence in mainland China through replication of its strong brand image and successful experience in the Hong Kong market, and aims to strategically target the aesthetic medical service market in first- and selected second-tier cities. In addition to expanding the scale of operations of its Guangzhou clinic by hiring more locally qualified medical professionals, purchasing equipment and further renovating facilities, the Group also expects to open additional aesthetic medical clinics in Shanghai, Guangzhou and Shenzhen in 2016 to further increase its capacity and geographical span. The Group will also actively

look for acquisition targets as well as partnership opportunities with local aesthetic medical service providers in mainland China to fuel its sustainable growth in this market.

### **Expand health management services**

To capitalize on the growing demand for quality and professional medical services, the Group will further increase the number of its aesthetic medical centres and clinics and broaden the scope of its services to include health-screening services. On 19 May 2016, the Group launched its subsidiary re:HEALTH, a one-stop health management centre providing a full range of comprehensive health-screening services supported by its professional medical team with advanced medical devices. The launch of re:HEALTH will further consolidate the Group's leading position in the market.

### **Internal control**

Professionalism and safety have always been Union Medical Healthcare's core values. The Group hires experienced and well-trained registered practitioners to perform and oversee all medically related operations, as well as participate in the Group's senior management. Both registered practitioners and supporting staff are scheduled to attend medically related trainings regularly to update their knowledge and skill sets. Prior to performing a procedure to a client, the Group requires its registered practitioners and trained therapists to explain the procedures and associated risks and obtain a new consent form.

Union Medical Healthcare has always been aligning to the best practice in the industry as self-regulatory principles. The Group applies certain medical standards even to its non-medical services, such as recommending its clients to consult with doctors prior to receiving any of its services. In addition, the Group has adopted a refund policy which includes a seven-day cooling-off period whereby its clients are allowed to request a full refund within seven days of purchase of any prepaid packages. It has also established procedures for recording and handling complaints to address clients' enquiries and complaints.

During the Fiscal Year, the Group's expense in addressing material unfavourable feedback decreased by 17% to HK\$1 million, accounting for 0.14% of the Group's total revenue. Refunds and settlements to legal proceedings and claims significantly decreased by 47% to HK\$160,000.

**Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare** said, "The fiscal year 2015/16 marked a significant milestone in the development history of the Group. The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, allowing us to further consolidate our capital structure and strengthen our corporate governance, and cementing a solid foundation for the Group's future development. Hong Kong is well-known for its professional medical services, as well as its sound regulatory regime. To capitalize on the growing market demand for professional and quality medical services, the Group has been achieving satisfactory progress in establishing aesthetic medical clinics in China and developing medical tourism. Looking ahead, the Group will further expand its services and increase the number of its aesthetic medical centres, broaden the scope of our services to include other discretionary healthcare services, provide one-stop aesthetic medical and beauty solutions to clients and at the same time facilitate cross-selling capabilities to become one of the leading aesthetic medical service providers in Greater China."

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13 Jun 2016*

**About Union Medical Healthcare Limited**

Union Medical Healthcare is a one-stop aesthetic medical and beauty solution provider. The Group is the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost & Sullivan Report. The Group ranked first in Hong Kong from 2012 to 2014 in terms of the number of aesthetic injection procedures performed involving utilisation of the top-six revenue-generating aesthetic medications in Hong Kong; and is one of the top three service providers for Invisalign®, clear teeth aligners, in Hong Kong. The Group has successfully built DR REBORN, a well-recognised brand in Hong Kong, with the reputation of being a premier provider of aesthetic medical services in Hong Kong.

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