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Union Medical Healthcare, the largest non-hospital medical service provider in Hong Kong, announces FY2018/19 annual Results

Revenue from medical service soared by 76.8%

The company to expand businesses of medical and health maintenance services and adopt medical artificial intelligence

Highlights of Results

1. Revenue increased by 40.5% to HK\$1,836.8 million
2. Profit attributable to the shareholders of the Company was HK\$361.1 million, up by 29.3%
3. Revenue from medical services increased by 76.8% to HK\$522.8million
4. Proportion of revenue from services to the People's Republic of China ("PRC") clients in the Group's total revenue increased by 2.6 percentage points to 38%
5. Basic earnings per share were 36.7 HK cents
6. Proposed cash dividend of 20 HK cents per share, which will include a final dividend of 6.5 HK cents per share and a special dividend of 13.5 HK cents per share. Total annual dividend can be 35.0 HK cents
7. As at 31 March 2019, the Group has 87 full-time and exclusive Registered Practitioners

(27 June 2019, 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), a leading integrated medical group in Hong Kong, announces today its annual results for the fiscal year ended 31 March 2019 (the "Year").

During the Year, Union Medical Healthcare provides a full range of medical and healthcare services. Through mergers and acquisitions, cooperation with renowned services providers, cooperate with the expansion of its service network, adoption of medical equipment with artificial intelligence, and its strong team of medical practitioners, the Group has extended the range of its medical specialty services and aspires to become an excellent medical service group in Asia Pacific.

The Group's total revenue rose by 40.5% to HK\$1836.8 million. Profit attributable to the shareholders of the Company was HK\$361.1 million, up by 29.3%. The Board proposed a final dividend of 6.5 HK cents per share and a special dividend of 13.5 HK cents per share in cash which together with a total of 15.0 HK cents for the interim dividend and interim special dividend will bring the total annual dividend to 35.0 HK cents per share.

Strong growth in revenue from medical specialty services business

In order to meet the growing demand for one-stop professional medical and health management services, Union Medical Healthcare has been dedicated to expanding its medical specialty services. During the Year, the Group increased the number of specialty clinics, oncology centres, day surgery

centres, and a diagnostic and imaging centres. It has also extended the range of its medical services to radiology, cardiothoracic surgery, treatment of disorders of the ear, nose and throat (ENT), general surgery, plastic surgery, neurosurgery, orthopaedics and urology. During the Year, revenue from medical services increased by 76.8% to HK\$522.8 million, which accounted for 28.5% of the total revenue. Since the Group continues to expand its services and network and the number of clients getting its medical services is growing, medical services are tipped to be another growth driver in the future.

Meanwhile, two Tencent Doctorwork clinics, which are jointly operated by the Group and Beijing Tencent Doctorwork commenced operation in Hong Kong since November 2018. The Tuen Mun clinic has adopted the “Intelligent Medical Assessment Sets” for the first time. The adoption of big data for medicine and artificial intelligence software will enable the clinics to monitor changes in patients’ condition effectively and enhance accuracy in diagnoses. Meanwhile, by entering the business of primary care clinics, we are able to secure new clientele who are health-conscious and thus require easy access to medical and healthcare services.

Number of Customers from PRC growing consistently

During the Year, the number of customers of the Group grew steadily and customer retention rate was 89%.

The PRC government is pressing on with its policy on fostering the development of the Guangdong-Hong Kong-Macao Greater Bay Area. To support the initiative, the Guangzhou–Shenzhen–Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge have been put into operation. The improved transportation has made it more convenient for mainland residents to travel between mainland China and Hong Kong. This, in turn, can benefit medical tourism in Hong Kong. In order to tap the mainland Chinese’s growing demand for the professional, quality medical services in Hong Kong, the Group strategically expands its medical tourism business. The growth was attributable to the Group’s professional medical team, extensive clinic network, wide range of products and capability of offering medical tourism service. The proportion of revenue from the services to the clients from mainland China increased by 2.6 percentage points to 38.0% in total revenue during the Year.

As of 31 March 2019, the Group operated seven clinics in the PRC. The Group will continue to identify suitable targets for acquisition as well as opportunities for partnerships with other medical service providers in the PRC.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, “As the largest non-hospital medical service provider in Hong Kong, the Union Medical Healthcare actively taps the immense demand for professional medical service in mainland China and Hong Kong. During the year, the Group invested substantially in expansion of our professional medical service offerings, attracted more full time Registered Practitioners and expanded our team, as to provide professional and quality service. According to data of market research, expenses on self-financed medical services in Hong Kong is expected to increase to nearly HK\$100 billion in 2024/2025. With the launch of the Voluntary Health Insurance Scheme, the demand for private medical services will increase significantly, indicating huge potential in the market. To grasp the opportunity and to increase our share of the market, the Group has already strengthened its cooperation with leading insurance companies. The Group will continue to concentrate its resources on information technologies, services and brands

to enhance its competitive edge as a market leader and to further expand its share of the health maintenance market. Looking ahead, the Group will actively develop the market of 70 million people in the Greater Bay Area for medical services, aesthetic medicine and health maintenance services. In the meantime, the Group will adopt more medical artificial intelligence, high-end diagnostic devices for collecting and analyzing data about medical condition. It will also further develop the businesses of preventive medicine and precision medicine. The Group will continue to take a patient-oriented approach to the development of high-end medical services, consolidate its leading position in the industry and to maximize returns to shareholders.”

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About Union Medical Healthcare Limited

Union Medical Healthcare as 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-discipline 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, health management centre re:HEALTH, Vaccine Centre Hong Kong Professional Vaccine HKPV, comprehensive dental centre UMH DENTAL CARE, diagnostic and imaging centre HKAI, an oncology treatment centre reVIVE, a day procedure centre HKMED and a specialty clinic SPECIALISTS CENTRAL.

**According to research conducted by Frost and Sullivan based on the revenue of medical service providers in 2018.*

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