

[FOR IMMEDIATE RELEASE]



**Union Medical Healthcare Announces FY2019/20 Interim Results
Business growth driven by medical services with
increase in net profit to HK\$211 million**

Results Highlights

1. Revenue increased by 28.1% to HK\$1,118.5 million
2. Net profit margin was 18.9%
3. Revenue from medical services was HK\$324.0 million, up 102.2%, representing 29.0% of total revenue
4. Revenue from aesthetic medical services was HK\$462.8 million, up 8.1%, representing 41.4% of total revenue
5. Revenue from beauty and wellness services was HK\$239.3 million, up 7.7%, representing 21.4% of total revenue
6. Revenue contributed by Mainland China clients maintained at 39% of the Group's total revenue
7. Sales volume recorded an increment for each of the month during the Period
8. Number of registered practitioners in the Group increased drastically to 97
9. Basic earnings per share amounted to 20.1 HK cents
10. Declaration of interim dividend of 15.0 HK cents per share

(26 November 2019, Hong Kong) Hong Kong's largest non-hospital medical service provider, **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) announces today its unaudited interim results for the six months ended 30 September 2019 (the "Period").

To meet the demand spawned by the Voluntary Health Insurance Scheme (VHIS) which has been implemented since April 2019, the Group has been progressively establishing various medical specialties since 2018. Such strategy has proven to be a success. During the Period, the Group had remarkable performance, with a year-on-year increase in sales value in each of the months. For the six months ended 30 September 2019, the Group's revenue increased by 28.1% year on year to HK\$1,118.5 million. Net profit attributable to shareholders was rose by 1.7% year on year to HK\$197.5 million. Basic earnings per share were 20.1 HK cents. The Board resolved to declare an interim dividend of 15.0 HK cents per share (2018: interim and special dividends totalled 15.0 HK cents per share).

The number of clients at the Group's various medical specialties continued to grow faster than the total number of active clients. This indicates the effectiveness of the Group's strategy of providing services of multiple medical specialties. For the six months ended 30 September 2019, 71,207 clients purchased at least one service or product from the Group (six months ended 30 September 2018: 45,179).

Medical Services

Medical services continued to be the key growth driver of the Group. The Group kept extending the scope of its services to cater to the needs of its clients. It strives to provide services of additional medical specialties in order to satisfy clients' growing demand. During the Period, revenue contributed by medical services increased by 102.2% year on year to HK\$324.0 million, accounting for 29.0% of the Group's total revenue. The growth was primarily attributable to a wider variety of medical services offered (including but not limited to advanced radiology services and a comprehensive range medical services that include cardiothoracic surgery, ear, nose and throat (ENT), gastroenterology & hepatology, general surgery, plastic surgery, paediatrics, neurosurgery, orthopaedics and urology. The growth in the number of clients receiving medical services also contributed to the growth in revenue.

In August 2019, the Group completed the acquisition of a paediatric service firm in Hong Kong. Six registered practitioners who specialize in paediatrics and psychiatry also joined the Group. It commenced its paediatric services at its flagship clinic in the Langham Place.

Apart from extending the scope of its medical specialties, Union Medical Healthcare had been consolidating its shares of the markets for various medical specialties through acquisition and organic growth. The Group had been deploying extra resources in integrating its various medical specialties into a unified system after the acquisitions with the aim of enhancing both efficiency and effectiveness.

As at 30 September 2019, the Group was operating 56 clinics and service centres, including its two flagship clinics in Hong Kong and seven clinics in mainland China, with a combined floor area of approximately 287,000 sq. ft. and 97 full time and exclusive registered practitioners in 19 medical disciplines in Hong Kong, mainland China and Macau.

Aesthetic Medical Services

The Group's aesthetic medical services include medical aesthetics and dental services. Revenue at this line of business for the Period increased by 8.1% year on year to HK\$462.8 million, or 41.4% of the Group's total revenue, on the back of increased spending on medical aesthetic services.

Beauty and Wellness Services

The Group provides traditional beauty, haircare and ancillary wellness services. During the Period, revenue from beauty and wellness services grew by 7.7% year on year to HK\$239.3 million. The growth slowed down primarily because of reduced resources allocated to the development of beauty and wellness services.

Outlook and Strategies

The recent social instability in Hong Kong has affected inbound tourism and domestic spending. To cope with the situation, the Group has adopted various measures, including initiatives in contacting clients and in retaining local loyal clients, continued effort to develop new types of medical services to meet customer

needs, and additional promotional activities to attract new clients locally and those from medical tourism. The Group has also adopted a more prudent approach to finance management and pressed on with cost control measures.

In mainland China, the central government aims to reduce costs for public healthcare and promulgates individual health insurances. To capitalize on the growing trend towards the localization of medical services, the Group is trying to identify targets for acquisition and seeking opportunities for partnerships with local players in mainland China in addition to the organic growth in business at its clinics or services centres.

As Hong Kong's largest medical service provider, the Group dedicates itself to providing services through various medical specialties. It also seeks to expand the scale of existing operations and to diversify into new medical specialties according to demand on the market. On 31 October 2019, the Group entered into a non-binding memorandum of understanding (MOU) with EuroEyes International Eye Clinic Limited (HKEX stock code: 1846) to open a 50-50 joint venture in Hong Kong to develop ophthalmological services and relevant businesses.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare concluded, “Union Medical Healthcare will continue to enhance its brand and upgrade its services and information technology. Our primary mission is to improve the quality of patient care to customers’ satisfaction. The Group will continue to enhance productivity through a higher degree of digitalization, innovation and adoption of technology. At the same time, the Group will obtain business from new clients who are health-conscious and seeking easy access to medical and healthcare services. With efficacy of its medical treatments as a foundation, the Group aims to retain its clients by improving both the facilities and the treatment environment at its service centres and by making its comprehensive medical services convenient for its customers through digitalization. Meanwhile, the Group also aims for a greater market share by identifying targets for acquisition carefully and seeking organic growth through business expansion in the Guangdong-Hong Kong-Macau Greater Bay Area. The Group is also seeking opportunities for partnerships with local industry players in mainland China in the hope of sustainable development in this market with immense potential.”

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About Union Medical Healthcare Limited

Union Medical Healthcare is Hong Kong's largest non-hospital medical service provider. Leveraging preventive and precision medicine as the core to its business, Union Medical Healthcare is committed to the development of medical AI through integration of its multi-discipline medical services, supported by the solid foundation of its high-end branding and quality customer services to offer customers with professional, safe and effective medical services.

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, the 19 medical disciplines on offer are medical aesthetics, health screening and management, chiropractic, cardiothoracic surgery, Chinese medicine, dentistry, gastroenterology & hepatology, general surgery, clinical oncology, clinical microbiology & infection, family medicine, neurosurgery, orthopaedic & traumatology, otorhinolaryngology, paediatrics, plastic surgery, psychiatry, radiology and urology.

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