



Union Medical Healthcare Announces FY2016/17 Annual Results

Proactive Business Expansion with Net Profit Growth of over 36%

Results Highlights

1. Sales contracts entered into during the year reached HK\$970 million, up 44.3%
2. Revenue increased by 36.9% to HK\$965million
3. Profit attributable to equity shareholders of the Company was HK\$201 million, up 35.0%
4. Number of key clients reached 16,200, up 72.3%
5. Revenues contributed by PRC clients increased by 11 percentage points to 25% of the Group's total revenue
6. Number of the Group's registered practitioners increased significantly to 44
7. Basic earnings per share amounted to HK\$0.21
8. Proposed final dividend and special dividend were HK5.0 cents per share and HK7.9 cents per share, respectively

(28 June 2017, 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 2017 ("Fiscal Year").

On the back of a significant increase in revenue from medical services, coupled with the newly established health management business and newly acquired businesses, the Group's cross-selling capabilities have achieved significant enhancement. During the Fiscal Year, the Group's contracted sales increased by 44.3% to HK\$970 million, the Group's revenue increased by 36.9% from HK\$705 million for the previous year to HK\$965 million. Profit attributable to equity shareholders of the Company was HK\$201 million, representing a year-on-year increase of 35.0%. The Board recommended the declaration of a final dividend and special dividend of HK5.0 cents per share and HK7.9 cents per share.

During the year, Union Medical Healthcare continued to maintain its leading market position, as the largest aesthetic medical service provider in Hong Kong in terms of revenue. Leveraging its competitive edges, the Group has further strengthened its position as the market leader in the growing aesthetic medical service industry in Hong Kong, whilst broadening its range of products and services as well as expanding its footprint in the Greater China and the rest of Asia.

Diversify Service Portfolio

With reference to the data gathered, the Group will leverage on clients' trust on its quality services to provide services in other medical disciplines and will continue to offer the latest products and equipment in meeting the continued growing demand of clients in medical needs, by identifying potential acquisition targets or via an organic expansion.

The Group is dedicated to broadening its product portfolio and scope of services to meet market demand. In May 2016, the Group launched re:HEALTH, a one-stop health management centre that provides a full range of products and services such as comprehensive health screening, health products and health management services in Hong Kong, serving as a new income stream of the Group. During the Fiscal Year, the Group's revenue from **health management segment** reached HK\$51.3 million.

In October 2016, the Group completed the acquisition of one of the largest groups of chiropractors, physiotherapists and other health professionals in Hong Kong, which specializes in the musculoskeletal and nervous systems. The Group also acquired a distributor of medical equipment, medical consumables and medications in November 2016. Through its acquired distributor, the Group is able to leverage the most advanced medical technology and provides the latest medical equipment and medications, thus enhancing its services and product offerings to capture the distribution opportunities in Hong Kong and the Greater China and diversify its business portfolio.

In order to enhance customers' experience and facilitate the growing demand for medical aesthetic services in Hong Kong, the Group had further expanded the service area of its flagship store in Langham Place, Mong Kok to 73,000 square feet during the Fiscal Year.

Growing Diversified Customer Base

As at 31 March 2017, number of the Group's key clients increased significantly by 72.3% from 9,400 for 2016 to 16,200. Excluding the new customers who also became the Group's key clients during the Fiscal Year, over 66% of key clients have maintained relationship for more than 3 years with the Group.

Capture Market Opportunities in China

Riding on the growing demand for discretionary healthcare services boosted by rising average household income and living standards in the PRC, the Group has strategically targeted the aesthetic medical service market in first-tier and selected second-tier cities. Also, medical tourism is expected to become a major trend in the development of the medical aesthetic industry in Hong Kong. In addition to the opening of the Group's own medical aesthetic clinics with beauty and health management services in the PRC, the Group further expanded its business in the medical tourism sector, with its in-house travel agent which is capable of serving the growing number of medical tourists. During the year, revenue contributed by PRC clients increased significantly by 11 percentage points to 25% of the Group's total revenue.

The Group opened its aesthetic medical clinics in Guangzhou, Shanghai and Macao, and is also in the process of establishing additional aesthetic medical clinics in Shenzhen, of which are anticipated to be opened in 2017. The Group is proactively exploring acquisition targets as well as partnership opportunities with strong presence in the PRC.

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. Number of the Group's registered practitioners increased significantly from 23 as at 31 March 2016 to 44 during the year. 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 therapeutic procedure on a client, the Group requires its registered practitioners and trained therapists to explain the procedures and associated risks to the client and obtain consent letter from the latter on a new form. 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.

Union Medical Healthcare has always adopted the best practice according to the principles of industry self-regulation, and as such, it implemented a series of internal control measures. 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, refunds from material unfavourable feedback represents only 0.16% of the Group's revenue.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, "The Group's solid business foundation is demonstrated by the remarkable growth in its results during the year. As the largest aesthetic medical solution provider in Hong Kong with a solid reputation among customers, we value high standards of safety and professionalism in our services, with all our aesthetic medical procedures being handled by our sizeable team of registered practitioners. To capitalise on the growing demand for quality medical services with our superior professional ethics, whilst continuing to utilise our cross-selling capabilities and backed by solid business, our professional medical team and loyal customers, we will further strengthen our position as the market leader by increasing the servicing floor area and number of clinics as well as broadening the scope of our services to other medical disciplines. The Company is still newly listed, investors may not understand this industry and the Group entirely. I am confident and the Group will continue to maintain a strong and steady financial position without bank borrowings. With a solid foundation, the Group is proactively exploring acquisition targets and create value to the investors as the Group committed during its IPO. Although the Group is expanding at a fast pace, the Group can maintain a good dividend payout and returns our shareholders with the sufficient cash flow. With the support of Premier Li Keqiang on its agenda for constructing Guangdong-Hong Kong-Macao greater bay area, we anticipate that Hong Kong and Macao will have unique advantages to facilitate enhancement of the national economic development, status and functions of the PRC globally. Looking ahead, the Group will leverage on our safe, professional and effective one-stop solutions to match with the growing opportunities in the PRC as a concierge in the health and beauty. The Group will further enhance its operational efficiency to be the leader in the medical aesthetic industry in Asia."

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About Union Medical Healthcare Limited

Union Medical Healthcare is principally engaged in the provision of one-stop aesthetic medical, beauty and health management solutions with 38 clinics and servicing centres across Hong Kong, the PRC and Macao as at 31 May 2017. In 2016, the Group obtained the Hong Kong Top Service Brand and opened re:HEALTH, a one-stop health management centre, to provide a full range of services and products, including comprehensive health screening, health product and health management services. The Group is the largest aesthetic medical service provider in Hong Kong in terms of revenue. The Group ranked first in Hong Kong from 2012 to 2016 in terms of the number of aesthetic injection procedures performed involving utilisation of the top-six revenue-generating aesthetic medications in Hong Kong; and was the Black Diamond Provider of the transparent orthodontic device for teeth alignment, Invisalign®, in 2015 and 2016. 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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