

[FOR IMMEDIATE RELEASE]



**Union Medical Healthcare announces FY2020/21 interim results
October's sales volume is expected to be no less than 8% increase
Medical services continue being the key growth driver**

Business Highlights

1. Further acquisition of 24% equity interest of NYMG Group
2. Acquired New Medical Center Holding Limited
3. Makes real estate expert its strategic shareholder to facilitate its business development in mainland China
4. Received Capital Injections from Goldman Sachs, OrbiMed And Gaw Capital
5. Revenue from medical services increased by 20.3% to HK\$361 million from the second half of last year, accounted for 45% of total revenue
6. Profit attributable to the shareholders of the Company was HK\$43.9 million, basic earnings per share were 4.4 HK cents
7. The board of directors proposed interim dividend to 3 HK cents per share
8. As at 30 September 2020, the Group has 118 full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau

(27 November 2020, 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 Kong¹, announces today its unaudited interim results for the six months ended September 2020 (the "Period").

During the period, the global impact of COVID-19 has been unprecedented, resulting in a highly challenging business environment. Nevertheless, the Group has been adopting a proactive approach in encountering the challenges and continued to be the leading non-hospital medical service provider in Hong Kong, achieving strong business growth while maintaining competitive operating efficiencies.

Due to the significant decrease in the revenue generated from aesthetic medical and beauty and wellness services as a result of the impact of COVID-19 during the Period, the Group's sales volume decreased by 11.1% to HK\$946.8 million and the total revenue decreased by 28.7% to HK\$797.4 million. Net Profit for the period decreased by 74.7% to HK\$53.3 million and the net profit attributable to equity shareholders of the Company decreased by 77.8% to HK\$43.9 million. Basic earnings per share were 4.4 HK cents (2019: 20.1 HK cents). The board of directors proposed an interim dividend of 3 HK cents per share in cash.

¹ According to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019

Medical services continue to be the key growth driver

During the Period, revenue from medical services increased by 20.3% to HK\$361.4 million from the second half of last year because the Group increased in the variety of medical services that the Group is offering, including but not limited to advanced radiology services, comprehensive range of surgical specialties care offer services in cardiology, cardiothoracic, ear, nose and throat (ENT), gastroenterology & hepatology, general surgery, paediatric, neurosurgery, orthopaedics, oncology and urology, obstetrics and gynecology specialist, and the number of clients receiving the Group's medical services also increased.

As an essential part of one's life, demand of medical and healthcare services continued to grow steadily. The Group strives to setup additional medical disciplines to satisfy the continuous increase in the demand of customers. The Group first acquired 51% equity interest of NYMG Group in 2016. Given the remarkable business development and financial performance of the NYMG Group as well as the growing demand for the provision of chiropractic, orthopaedic, pain and wellness services in Hong Kong, the Group finished further acquisition of 24% equity interest during the reporting period. NYMG Group opened 5 new Chiropractic clinics during the period.

Moreover, the Group has acquired specialists central New Medical Center Holding Limited which engaged in the provision of medical service with 11 full-time registered medical practitioners in May 2020. Additionally, the second centre operation of the Group's Advance Imaging Centre commenced in July 2020 since its first centre opened in the end of 2018.

The Group is well-positioned to broaden the coverage of medical disciplines. As at 30 September 2020, including our two flagships in Hong Kong and 12 clinics in the Mainland China, we operate 60 clinics and service centres occupying an aggregate floor area of approximately 319,000 sq. ft. with 118 full-time and exclusive Registered Practitioners covering 22 medical disciplines across Hong Kong, mainland China and Macau.

In the Group's business of aesthetic medical services, revenue decreased by 46.3% to HK\$248.6 million for the year ended 30 September 2020 primarily attributable to the travel restrictions and health quarantine arrangement for inbound cross-boarder travels, the compulsory closure of all beauty parlours in Hong Kong for an aggregate of 72 days, and social distancing measures which inhibited customers sentiments. Revenue of beauty and wellness services also decreased by 43.3% to HK\$135.7 million.

Not less than 8% increase in sales volume in October

The pandemic since February 2020 had affected inbound tourism and domestic consumption in the near term. Hong Kong entered into a recession driven by the downturn in tourists and by locals pulling back on spending. To cope with the city's adverse business environment, the Group adopted a series of measures, including continued development of new medical services and broadening of services spectrum through organic expansion and acquisitions of other medical establishments to fulfill the essential needs of our customers; proactive client engagement to retain loyal local customers and promotional campaigns to boost local spending; launching of e-commerce platform in a timely manner; and implementation of prudent finance management for rental expenses and cost control initiatives to preserve cash flow as well as enhance profitability.

To help combat novel coronavirus pneumonia, the Group has launched the sale of RT-PCR COVID19 Test and has cooperated with medical testing institutions which are recognised by the government in conducting a one-stop novel coronavirus nucleic acid test programme at the latter's branches.

In addition, the Group sales volume is expected to be no less than HK\$180 million of October 2020, representing an increase of no less than 8% as compared with the same period last year, based on the management sales record. The Group expects the operation shall continue to be challenging in the near future, yet, are confident the business model and flexibility together with the Group being customer and IT centric will facilitate the Group to thrive during recovery.

Integrated Multi-Discipline Strategy

The Group is actively exploring partnerships with leading enterprises in four main sectors: technology, telecom, insurance and property, to form strategic alliances to broaden the breadth and depth of our healthcare and wellness service offerings. The Group will expand market share by identifying potential acquisition targets or via an organic expansion in the Greater Bay Area, currently plan to reach 30 to 50 outlets in the next three to five years, with a focus in discretionary medical and healthcare services including but not limited to medical aesthetic, chiropractic, dental and paediatric services. In order to facilitate the Group's geographical expansion in mainland China, the Group will setup an office in Futian, Shenzhen.

Moreover, the Group is exploring acquisition targets as well as partnership opportunities with local medical players in the Mainland China cautiously, including but not limited to reputable medical service and healthcare service providers, suppliers and investors, to fuel sustainable growth in this market with immense potential.

Strategic collaborations

The Group has conditionally agreed to sell the 10 million existing shares to Renowned Idea Investments Limited, which is wholly-owned by a non-executive director of Agile Group (SEHK stock code: 3383) through Top-up Placing. Such shares will account for approximately 0.97% of the Company's enlarged issued share capital. The sale price is HK\$4.25 per share and the Group expects to receive net proceeds of approximately HK\$42.3 million from the transaction and intends to use them for its general corporate purposes.

In addition, the Company has entered into subscription agreements with Goldman Sachs, OrbiMed and Gaw Capital pursuant to which the Company shall issue convertible bonds in principal amounts of HK\$234 million, HK\$31.2 million and HK\$39 million to Goldman Sachs, OrbiMed and Gaw Capital, respectively. The Company shall also issue warrants in amounts of approximately HK\$273 million and HK\$36.4 million to Goldman Sachs and OrbiMed, respectively, raising total proceeds of HK\$613.6 million.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, " As the leading medical group in Hong Kong, Union Medical Healthcare aims to expand the depth of existing medical disciplines and extend the coverage of disciplines with demand. Looking ahead, the Group will continue to focus its deployment of resources in IT, services and brands to sustain and enhance its competitive advantage as a leader in the market, and further expand its market share in the primary healthcare market. We will also continue to seek new ways to raise productivity standards through increased digitalisation, innovation and technology and generate encouraging return to our shareholders"

-End-

About Union Medical Healthcare Limited

Union Medical 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 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, obstetrics and gynecology specialist Zenith Medical Center and Prenatal Diagnosis Centre, specialists central New Medical Center, Hong Kong International Cardiology Center and a professional hair care center HAIR FOREST.

*According to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019

For further information, please contact:

iPR Ogilvy Limited

Callis Lau / Molisa Lau / Shana Li / Ada Chew

Tel: (852) 2136 6952 / 2136 6953 / 3920 7649 / 3920 7650

Fax: (852) 3170 6606

Email: umh@iprogilvy.com