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EC Healthcare Announces FY2021/22 Interim Results

Total Revenue Surged 81.1% Profit After Tax Surged 267.8%

Further Consolidates the Healthcare Market

Business Highlight

- Total revenue jumped 81.1% to HK\$ 1.44 billion
- Achieved a record-high sales volume of HK\$1.53 billion, up 61.8%
- Earnings before interest, taxes, depreciation, and amortization ("EBITDA") significantly increased by 181.3% to HK\$323 million
- Profit after tax surged 267.8% to HK\$196 million, basic earnings per share were 14.2 HK cents
- Revenue from medical services surged 109.9% to HK\$758 million, with its contributions to total revenue rose to 52.5%
- The board of directors (the "Board") proposed interim cash dividend of 10.2 HK cents per share
- The Group entered the veterinary market through acquisition of a veterinary business, thus broadening its medical services spectrum
- As of 30 September 2021, the Group's aggregate floor area of clinics and service centres increased by 41% to 449,000 sq.ft
- As of 30 September 2021, the Group's full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau increased to 176, with more than 1,400 network doctors

(29 November 2021, Hong Kong) EC Healthcare (the "Company", which together with its subsidiaries is referred to as the "Group", SEHK stock code: 2138), the largest non-hospital medical group in Hong Kong, announces today its unaudited interim results for the six months ended 30 September 2021 (the "Period").

During the Period, although the border lockdown caused a sharp decline in the number of medical tourists in Hong Kong, EC Healthcare still benefited from the strong demand on medical services, improving local consumption sentiment and the full-fledged recovery in the retail sector, and thus recorded a year-on-year ("y-o-y") increase of 81.1% in the total revenue to HK\$1.44 billion. Overall

sales volume increased by 61.8% y-o-y to HK\$1.53 billion for the Period. Also, the Group benefited from the positive effect from its acquisition of certain medical assets which drove the Group's revenue from medical services to surge by 109.9% y-o-y to HK\$758 million and the contributions of medical services to the total revenue rose by 7.2 percentage points to 52.5%. In Mainland China, the authorities have been tightening the regulation of the medical aesthetic market. Leveraging its leading position and brand strength in the medical aesthetic market, the Group speeded up consolidating the market and further reinforced its leading market position. During the Period, the Group's revenue from the Mainland China increased by 35.3% y-o-y to HK\$79.7 million.

Under the leadership of management with strong execution capabilities, the Group continued to enhance its operational efficiency. The Group's EBITDA (earnings before interests, taxation, depreciation-owned property, plant and equipment and amortization) increased by 181.3% y-o-y to HK\$323 million. During the Period, the Group further enriched its enclosed ecosystem via acquisitions, the Group's profit after tax surged by 267.8% y-o-y to HK\$196 million. Basic earnings per share were 14.2 HK cents. The board of directors proposed an interim cash dividend of 10.2 HK cents per share.

Developing Businesses through Organic Growth and M&A, Further Expanding Market Share

The Group always adheres to the strategy of developing its business through organic growth as well as mergers and acquisitions, continues to optimize its business portfolio and geographical business presence and to scale up its medical business so as to satisfy the growing demand for the medical and healthcare services. During the Period, about 80% of the Group's HK\$1.44 billion revenue was derived from organic growth and the remaining about 20% was from new M&A during the reporting period. The revenue generated by the acquired businesses as a percentage of the Group's total revenue increased significantly compared with that in the same period last year. As of 30 September 2021, the Group operated 91 clinics and service centres, including 15 clinics in the Mainland China. The aggregate floor area of clinics and service centres increased by approximately 41% to 449,000 sq. ft. The Group had 176 full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau, spanning 23 medical disciplines. During the Period, the Group achieved outstanding performance in its medical business, the revenue derived from the business segments of specialties, health management/laboratory, pain and wellness as well as advanced imaging increased by approximately 179%, 271%, 46% and 56% y-o-y respectively.

Meanwhile, the Group continued to develop new medical services and broaden its medical services spectrum through mergers and acquisitions. During the Period, the Group acquired two veterinary chains to enter the pet service market with a huge potential. The Group currently has seven veterinary hospitals and two veterinary advanced imaging centres with 29 full-time registered veterinary surgeons. The Group has been optimizing its portfolio of acquired businesses and enhancing its brand. Leveraging its efficient corporatization capability and excellent operating capability, coupled with its

strong brand influence, quality services and IT platform, the Group continues to empower inefficient and dispersed medical assets to improve efficiency, further building up an enclosed healthcare ecosystem to provide premium services to the clients. Since its listing on Hong Kong's stock market, the Group has been performing well in its development through organic growth and mergers and acquisitions. During the financial years of 2016 to 2021, the Group recorded a CAGR of 13.9% in its organic growth and a CAGR of 96.6% through mergers and acquisitions. The Group expects to maintain similar level of CAGR rate to achieve HK\$ 6 billion sales volume target.

Latest Business Developments after the Reporting Period

After the interim reporting period, the Group has announced the acquisition of two new medical businesses, which will further expand the market share of the Group's medical business and extend the scope of the Group's medical services and their business presence.

On 8 November 2021, the Group announced to acquire 70% of the issued share capital of Hong Kong specialty medical services centers for a total consideration of HK\$100 million in cash. Upon completion of the acquisition, the Group will have 6 additional medical specialist disciplines, including (i) Anaesthesiology, (ii) Endocrinology, Diabetes & Metabolism, (iii) Haematology & Haematological Oncology, (iv) Paediatric Respiratory Medicine, (v) Reproductive Medicine and (vi) Respiratory Medicine, as well as five additional medical centers and over 30 full-time and registered practitioners in Hong Kong.

On 29 November 2021, the Group announced to acquire 55% of the issued share capital of a dental clinic chain for a total consideration of HK\$129 million. Upon completion of the acquisition, the Group will have seven additional dental clinics and 32 additional practicing dentists in Hong Kong.

Upon completion of these two acquisitions, the Group's full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau will increase to over 230.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of EC Healthcare said, "Looking ahead, the Group is optimistic about its business performance. Given stabilizing pandemic situation in Hong Kong, we expect a stronger rebound in consumption with the imminent resumption of cross-border travel between Hong Kong and the Mainland China. EC Healthcare enjoys an advantage of its long-established and influential brand and has always been the top choice of medical tourists in Hong Kong. The medical tourists had accounted for 20% of our sales before the border lockdown, reflecting the market's recognition of our quality service. With increasing operational efficiency and further enriching enclosed ecosystem, EC Healthcare is confident that it will be able to effectively tap the huge demand for both medical aesthetic and medical services in both the Mainland China and Hong Kong and thus to achieve even better results. The Group will continue to develop its businesses

through organic growth and mergers and acquisitions, further build up the enclosed ecosystem, and improve the operation efficiency to consolidate the healthcare market. The Group is confident about achieving the revenue target of HK\$6 billion by 2025.”

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About EC Healthcare

EC 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 healthcare and 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 and NEW MEDICAL CENTER, obstetrics and gynaecology specialist ZENITH MEDICAL CENTER AND PRENATAL DIAGNOSIS CENTRE, specialists central, a paediatric center PRIME CARE, cardiology center HONG KONG INTERNATIONAL CARDIOLOGY CENTER, PathLab Medical Laboratories, a professional hair care center HAIR FOREST, Ophthalmology Center VIVID EYE and EC Veterinary Hospital and Imaging Center.

*According to independent research conducted by Frost and Sullivan in terms of revenue in 2019 and 2020

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