



CMB International: Union Medical Healthcare at Attractive Valuation Diversified Business Segments to Facilitate Cross-selling Prudent Expansion to Foster Long-term Development

(27 October 2017, Hong Kong) CMB International issued a research report, pointed out that **Union Medical Healthcare Limited** (“Union Medical Healthcare” or the “Company”; together with its subsidiaries, the “Group”, SEHK stock code: 2138), as the largest aesthetic medical service provider in Hong Kong, the Group recorded a strong growth in revenue in FY2017, with a better profitability and ROE over peers. Management guided that the net profit growth rate will be in line with revenue growth rate in FY18/FY19, which is expected to be above 20%. The valuation of the Group is attractive in view of its better growth rate in revenue and net profit.

According to CMB International, the Group has taken a more prudent approach on expansion, which would be an adoptable strategy for long-term development. The full time registered practitioners increased from 23 in FY2016 to 44 in FY2017. The average utilization rate of its Hong Kong clinics has already reached its optimal rate of 60%-70%. The Group has planned to establish 1-2 aesthetic medical clinics each year in first and second tier cities in China and prefers forming joint ventures with local established aesthetic medical players with customer base and licenses.

Furthermore, CMB International indicated that medical tourism has become a major growth driver for the Group. In FY2017, revenue from PRC clients was HK\$241.2 million and accounted for 25% of total revenue, representing a Y-o-Y growth of 9 percentage points. Of which 92% came from medical tourists in Hong Kong. The Group has its in-house travel agent in cope of growing demand of medical tourists. Besides, the PRC clinics also refer clients to Hong Kong. The Group expected the proportion of revenue from PRC clients to increase to 30%-40% in FY2018.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, “Union Medical Healthcare has been dedicating in expanding our scope of services for diversity. The Group’s cross-selling capabilities has been proven from the synergistic effect that was being created. Our outstanding sales performance is a testimony to our insightful operative strategies of offering one-stop medical, health and beauty services. We will continue to capture market opportunities actively whilst adopting a prudent expansion strategy, as to strengthen the Group’s leading position in the market for aesthetic medical services to generate better returns for our investors.”

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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 46 clinics and servicing centres across Hong Kong, the PRC and Macao as at 30 September 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 utilization 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-recognized brand in Hong Kong, with the reputation of being a premier provider of aesthetic medical services in Hong Kong.

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