



Union Medical Healthcare Announces FY2017/18 Interim Results

**Build on growth momentum expansion via acquisition,
with a surge of 70.7% in net profit**

Results Highlights

1. Contracted sales during the period reached HK\$651.1 million, up 46.0%
2. Revenue increased by 51.4% to HK\$617.3 million, of which recognised revenue surged by 93.3% to HK\$574.3 million
3. Net profit attributable to equity shareholders of the Company was HK\$125.5 million, up 70.7%
4. Revenue from medical services increased by 73.7% to HK\$311.9 million
5. Revenue contributed by PRC clients increased by 18 percentage points to 35.7% of the Group's total revenue
6. Basic earnings per share amounted to 12.8 HK cents
7. Declaration of dividend of 12.5 HK cents (interim dividend and special dividend were 4.0 HK cents per share and 8.5 HK cents per share)

(30 November 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 unaudited interim results for the six months ended 30 September 2017 ("Period").

On the back of a significant increase in revenue from medical services and health management business, coupled with the newly acquired businesses, the Group's contracted sales increased by 46.0% to HK\$651.1 million during the period. The Group's revenue increased by 51.4% from HK\$407.6 million for the same period in previous year to HK\$617.3 million. Profit attributable to equity shareholders of the Company was HK\$125.5 million, representing a year-on-year increase of 70.7%. The Board recommended the declaration of an interim dividend and special dividend of 4.0 HK cents per share and 8.5 HK cents per share, payable in scrip dividend with cash as alternative.

During the period, 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 leading position in the growing aesthetic medical service market in Hong Kong, whilst enhancing its range of products and services and evolving into a health and wellness platform, further expanding its footprint in the Greater China and the rest of Asia.

Business Growth Driven by Diversified Expansion

In order to meet clients' growing demand for medical, health management, wellness and beauty services, Union Medical Healthcare has been dedicated in broadening its scope of services to bolster its cross-selling. re:HEALTH, the Group's one-stop health management centre providing a full range of comprehensive health screening, DNA testing, health products and health management services in

Hong Kong, was able to capture the growing demand for professional medical services. During the period, the Group's revenue from health management business reached HK\$51.2 million, representing a significant growth of 293.5%.

The Group further acquired a chiropractic centre in Central following the integration of its chiropractic services chain since October 2016, supplementing the Group's service offerings with orthopaedic services. The Group has been offering a one-stop solution to pain management at its multi-service flagship store in Langham Place since August 2017.

During the period, the Group invested in hair care business. As at 30 September 2017, the Group operated five hair care services centres in Hong Kong under the brands of "TONI&GUY" and "Hairchitect", as well as five beauty services centres under the brand "Mulan". In October 2017, the Group acquired a beauty product franchise which is principally engaged in the distribution of skincare and beauty products manufactured in Switzerland under the brand "Swissline" in Hong Kong and Macau.

Capturing Market Opportunities in China with a Growing Diversified Customer Base

The Group's revenue is significantly affected by the number of clients who received its services, in particular the number of Key Clients. During the period, approximately 86.8% of clients who received at least one service session were females. Around 77.9% of clients who received at least one service session were between the ages of 16 to 45. In addition, over 70% of clients who visited the Group during the period had scheduled their next service session within 120 days of their previous visit.

Riding on the growing demand for professional services and quality medical services in Hong Kong, the Group has strategically targeted the aesthetic medical service market in first-tier and selected second-tier cities in the PRC, and further expanded its business in the medical tourism sector. During the period, revenue contributed by PRC clients increased significantly by 18 percentage points to 35.7% of the Group's total revenue.

The Group opened its aesthetic medical clinics in Guangzhou, Shanghai, Shenzhen and Macao, and is also in the process of establishing additional aesthetic medical clinics in Shenzhen and Chongqing, of which are expected to be opened by the end of this financial year. The Group is proactively exploring acquisition targets as well as partnership opportunities in the PRC which has tremendous potential.

Internal Control Meeting the Stringent Industry Standards

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 further increased to 53 as at 30 September 2017. 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 period, refunds and compensation from material unfavourable feedback represents only 0.07% of the Group's revenue.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, "Since its successful listing, Union Medical Healthcare has been pursuing to become a one-stop professional medical aesthetic service solution provider with an enhanced scope of services. Riding on the growing market demand for preventive medical services, the Group has expanded its business through acquisitions and organic growth to range from aesthetic medical services to professional medical services, including comprehensive health screening and health care services. On the other hand, tapping on the PRC market's rising demand for professional medical services in Hong Kong, the Group prudently expanded its network of medical centres in the PRC, and in the meantime attracted consumers to the Group's centres in Hong Kong through its outstanding medical tourism services, leveraging the Group's professional services and trustworthy brand, which had helped simulate growth of the Group's business in Hong Kong. Looking forward, the Group will continue to actively explore acquisition targets as well as partnership opportunities in the PRC, adding impetus to the momentum of its consistent growth in the PRC market with tremendous market potential."

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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 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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