



**Union Medical Healthcare Announces FY2017/18 Annual Results
Diversification Strategy Drives Robust Business Growth
Aspires to Become a Medical Specialty and Health Services Platform
in the Greater China**

Results Highlights

1. Contracted sales during the period reached HK\$1,398.7 million, up 44.2%
 2. Revenue increased by 35.5% to HK\$1,307.6 million
 3. Net profit attributable to equity shareholders of the Company was HK\$279.2 million, up 39.1%
 4. Revenue from medical services increased by 34.6% to HK\$675.5 million
 5. Revenue from Health management increased by 105.9 % to HK\$105.6 million
 6. Revenue contributed by PRC clients increased by 11 percentage points to 36% of the Group's total revenue
 7. Basic earnings per share amounted to 28.5 HK cents
 8. Declaration of dividend of 14.5 HK cents in cash (a final dividend of 5.0 HK cents per Share and a special dividend of 9.5 HK cents per Share in cash)
- Total annual dividend amounted to 27 HK cents

(27 June 2018, Hong Kong) **Union Medical Healthcare Limited** ("Union Medical Healthcare" or the "Company"; together with its subsidiaries, the "Group", SEHK stock code: 2138), a leading integrated medical group in Hong Kong, announces today its annual results for the fiscal year ended 31 March 2018 ("Year").

During the year, Union Medical Healthcare has developed into a leading integrated medical group in Hong Kong. Through mergers and acquisitions, cooperation with renowned services providers, expansion of the service network and our professional doctor team, the Group has enhanced its range of services and aspires to become a top-notch medical and comprehensive health platform in the Greater China.

The Group's contracted sales increased by 44.2% to HK\$1,398.7 million, the Group's revenue increased by 35.5% to HK\$1,307.6 million. Profit attributable to equity shareholders of the Company was HK\$279.2million, representing a year-on-year increase of 39.1%. The Board recommended the declaration of a final dividend and special dividend of 5.0 HK cents per share and 9.5 HK cents per share in cash, coupled with a total of 12.5 HK cents of interim dividend and special dividend, total annual dividend amounted to 27 HK cents.

Effective diversification strategy drives robust business growth

In order to meet the growing market demand for professional medical and health management services, Union Medical Healthcare has been dedicated in broadening its scope of services ranging from medical specialties, dentistry, health screening, chiropractic, health management, genetic test, aesthetic beauty, hair care to beauty products, in order to bolster its integrated multi-disciplines strategy. During the year, Revenue from medical services increased by 34.6% to HK\$675.5 million with an increase of over 50%

of number of clients obtaining medical services. Revenue from health management services increased by 105.9% to HK\$105.6 million

Further to the acquisition of the largest chiropractic services chain in Hong Kong in October 2016, the Group commenced offering a one-stop solution to pain management in our multi-service flagship store in Langham Place, Mong Kok from August 2017 onwards. The pain management services contributed to approximately 8.2% of medical services, up 4.2 percentage points. During the year the Group acquired clinics in dentistry and neurosurgery in Hong Kong, which supplements the service offerings of the Group.

Capturing tremendous market opportunities in China with a growing customer base

During the year, number of clients recorded a stable growth. Number of clients who made at least one purchase of services or products increased by 54.5% to 81,055. Number of key clients increased by 32.7% to 21,500, of which 71.2% of them were recurring clients. Approximately 83.7% of our clients who received at least one service session were females and 56.7% of them were between the ages of 26 to 55.

In recent years, the Chinese government has pursued in developing the Guangdong-Hong Kong-Macao Greater Bay Area, and Hong Kong is regarded to have an irreplaceable role in ensuring that the Greater Bay Area reaches its full potential. Riding on the growing demand for professional and quality medical services as well as the special medical needs in Hong Kong, the Group has strategically expanded its business in the medical tourism sector, eyeing in particular the tremendous potential in Greater Bay Area. During the year, revenue contributed by PRC clients increased significantly by 11 percentage points to 36.0% of the Group's total revenue.

The Group currently operates 5 clinics in the PRC and the medical aesthetic clinics in Shenzhen are expected to be opened by the end of 2018. The Group is proactively exploring acquisition targets as well as partnership opportunities with local medical players to fuel our sustainable growth in this market with immense potential.

Targeting on expansion of professional medical services

In May this year, the Group announced of its strategic collaboration with Tencent Doctorwork in establishing clinics in Hong Kong. Tencent Doctorwork is a subsidiary of Tencent Holdings Limited (SEHK stock code: 700, ("Tencent")), an internet and medical platform jointly funded by Tencent, GAW Capital Partners, Medlinker and Sequoia Capital China, offering quality, safe and comprehensive health management services for individuals and their families. Currently, Tencent Doctorwork has established three clinics in Beijing, Chengdu and Shenzhen, and is expecting to establish 300 clinics under its direct operations in the next three years, connecting to 3,000 associated clinics with 30,000 self-serve health monitors. Backed by the advanced capability of medical IT of Tencent, the clinics to be jointly established with Tencent Doctorwork is expected to be the state-of-art intelligent clinics in Hong Kong serving the community.

Leveraging the expansion of our footprints in the primary care clinics, the Group will pursue in securing new clientele who are health conscious with further medical and healthcare needs, at the same time targeting to deepen its development in the medical disciplines. With reference to the big data gathered in our system, it is expected that there will be a growing demand for medical specialties, and the Group will consolidate the market by identifying potential acquisition targets or through an organic expansion.

The Group has commenced renovation of our specialty clinics, oncology and day surgery centre, and a diagnostic and imaging centre at 9 Queen's Road Central and the Langham Place. In addition to the

advanced radiology services and aesthetic treatments, the comprehensive range of surgical specialties offered potentially includes but not limited to cardiothoracic, ear, nose and throat (ENT), general surgery, plastic surgery, neurosurgery, orthopaedics and urology. Our advanced radiology services shall include magnetic resonance imaging (MRI), computed tomography scan (CT Scan), polyethylene terephthalate (PET CT), ultrasound and EOS medical imaging. Our oncology centre and day surgery centre offer services potentially including but not limited to chemotherapy, endoscopy, minor operations and traditional Chinese medicine treatments. Capital investment for establishment of such clinics and centres, covering a total gross floor area of approximately 27,000 square feet, is expected to be more than HK\$100 million. The above clinics and centres, together with 2 primary care clinics, are expected to be in operation in 2018.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, "Union Medical Healthcare aspires to become a leading integrated medical group in the Greater China. The strong growth in our annual results has demonstrated the soundness of the Group's professional and proactive operational strategy, and we are confident in our business prospect. AI research in the medical field has been growing rapidly around the world. Looking ahead, high-end medical services, especially preventive and precision medicine will be the core to our medical platform. Differentiating from the strategy of aggressive expansion through establishment of clinics, the Group focuses on enhancing the ambiance of our facilities and offering convenient services to our clients through the deployment of medical AI. Simplified preventive analysis of health data supported by enhanced diagnostic equipment shall enhance the competitiveness and efficiency of the Group in satisfying specific needs of our clients. Eyeing the immense opportunities in Greater Bay area, the Group will ride on its own strengths as well as the network and resources offered by its partners in the PRC, so as to drive the continuous growth in medical tourism business. The Group will maintain its business diversification strategy to add impetus to its future growth, thus strengthening its leading position in the industry and generating better returns to shareholders."

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About Union Medical Healthcare Limited

Union Medical Healthcare is principally engaged in the provision of one-stop medical and health care services in the Greater China via its 54 clinics and servicing centres with an aggregate service floor area of 200,000 sq. ft. The Group provides a full range of services and products under our well-recognised brands, including those of its one-stop aesthetic medical solutions provider DR REBORN, chiropractic services centre SPINE Central, health management and vaccination centre re:HEALTH and comprehensive dental centre UMH DENTAL CARE. Of which DR REBORN is recognised by "Hong Kong Top Service Brand Award" that is jointly organised by Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong. The Group is the largest aesthetic medical service provider in Hong Kong in terms of revenue in 2017.

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