

[FOR IMMEDIATE RELEASE]



**EC Healthcare Announces FY2021/22 Annual Results
Sales Volume Surged 40.7% YoY and Revenue Surged 40.3% YoY
to Record Consecutive Highs Against Headwinds
Implementing the Diversified Healthcare Business Strategy
To Accelerate the Consolidation of the Healthcare Services Market**

Business Highlight

- Sales volume achieved record high of HK\$3,122.3 million, up 40.7% YoY
- Total revenue surged 40.3% YoY to a record high of HK\$2,919.5 million
- Revenue from medical services segment increased significantly by 64.6% YoY to a record high of HK\$1,689.0 million, boosting its revenue contribution to 57.9%
- Earnings before interest, taxes, depreciation, and amortization (“EBITDA”) increased by 35.0% YoY to a record high of HK\$536.4 million
- Net profit after tax for the Year was HK\$270.5 million, increased by 19.9% YoY, basic earnings per share was 17.1 HK cents
- The board of directors (the “Board”) proposed final cash dividend of 4.2 HK cents per share, which together with the interim dividend of 10.2 HK cents per share, will bring the total annual dividend to 14.4 HK cents per share, representing an annual dividend payout ratio of 84.2%
- As at 31 March 2022, the total valuation of the Group’s M&A transactions completed was HK\$641.1 million, spanning across veterinary, dental, and various medical specialties, which further strengthened the Group’s medical services layout
- The Group’s suite of medical services extends to 29 specialist disciplines, and the number of full-time and exclusive registered practitioners has increased to 251
- Total number of service points increased to 147, total gross floor area increased by 34.2% YoY to approximately 534,000 sq. ft
- The Group has been committed to its social responsibility during the COVID-19 pandemic by deploying resources to provide a wide range of anti-pandemic services, aiding the joint fight against the virus
- The Group maintained the leading role as the largest medical service provider (non-hospital) in Hong Kong in terms of revenue in 2021, according to Frost and Sullivan

(23 June 2022, 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 audited annual results for the fiscal year ended 31 March 2022 (the “Year”).

During the Year, the Group’s businesses demonstrated strong resilience to grow continually amidst a challenging operating environment caused by the fifth wave of the COVID-19 outbreak in Hong Kong, and further consolidated its leading position in the industry. The Group posted a record high sales volume of HK\$3,122.3 million, up 40.7% year-on-year (“YoY”), while revenue also surged by 40.3% YoY to a record high of HK\$2,919.5 million. Organic revenue increased by 49.8% YoY to HK\$2,761.4 million, accounting for 94.6% of the total, thanks to the Group’s long-term investments in technology, service, branding, corporate culture, and its flexible and effective operations management.

During the Year, medical segment continued to be the key growth driver as medical revenue marked record high and increased significantly by 64.6% YoY to HK\$1,689.0 million. The Group’s EBITDA (earnings before interest, taxes, depreciation, and amortization) increased by 35.0% YoY to a record high HK\$536.4 million. The Group’s net profit after tax for the Year increased 19.9% YoY to HK\$270.5 million, however net profit margin is under pressure of the suspension of the Group’s beauty and wellness businesses in Hong Kong for a total of 104 days (total 84 days during the Year) in compliance with government pandemic control measures.

The net profit attributable to equity shareholders of the Company increased by 2.4% YoY to HK\$197.5 million. Basic earnings per share was 17.1 HK cents, compared to 18.8 HK cents for the same period last year. The board of directors proposed a final cash dividend of 4.2 HK cents per share.

During the Year, the number of unique customers steadily increased to 182,300 ¹ during the Year and the contribution from existing customers accounted for 64.3% ² to the Group’s total revenue. Customer loyalty remained high with repurchase purchase rate of 90.2% ³. Driven by the synergies created by the Group’s enclosed healthcare ecosystem, over 27.5% ⁴ of its customers have made purchases across its various brands in the Year. Meanwhile, the Group has maintained premium service quality with 99.96% ⁵ of customers’ satisfaction rate. The Group maintained its leading role as the largest medical service provider (non-hospital) in Hong Kong in terms of revenue in 2021, according to Frost and Sullivan.

Our number of service points increased through organic expansion and acquisition growth. During the Year, we have ventured into veterinary business and acquired 7 vet clinics and 2 vet advanced imaging centers. As at 31 March, 2022, the Group had total number of service points of 127 in Hong

1. Based on revenue for the year

2. Revenue contribution by existing customers to the total revenue for the year

3. Customers of FY21 contribution in FY22 divided by the total revenue in FY21

4. Number of customers who purchased services from more than one brand for the year divided by total number of customers for the year

5. 100% minus the percentage of material unfavourable feedback of total revenue for the year

Kong, 4 in Macau and 16 in Mainland China with total gross floor area of approximately 534,000 sq. ft. Out of the net increase of approximately 136,000 sq. ft. floor area in FY2022, 71.9% came from the medical business and 28.1% from the aesthetic medical and beauty and wellness services business.

Strong growth in medical segment

For medical business, demand for the Group's medical services remained strong in FY2022. The Group continued to grow its market share through both organic and M&A growth strategies. Revenue from the Group's medical services segment increased significantly by 64.6% YoY to a record high HK\$1,689.0 million, boosting its revenue contribution to 57.9%, of which organic expansion and M&A completed during FY22 accounted for 95.0% and 5.0% respectively. Organic growth is driven by surged demand for COVID-19 related services and rising healthcare sentiment. During FY22, the total valuation of acquisitions completed in medical segment was HK\$460.7 million, spanning dental and various medical specialties. The Group's suite of medical services spans 29 specialist disciplines, and our headcount of full-time and exclusive registered practitioners has increased to 251.

Resilient result from aesthetic medical and beauty and wellness services segment

For aesthetic medical and beauty and wellness business, the Group demonstrated its resilience by achieving steady growth, thanks to the brand capital established over the years. During the Year, revenue contributed by aesthetic medical and beauty and wellness services increased by 10.2% YoY to HK\$1,091.2 million. Revenue from Hong Kong remains stable at HK\$804.7 million. Revenue from Mainland China increased by 28.4% YoY to HK\$173.2 million, while revenue from Macau, China surged 119.6% YoY to HK\$113.4 million due to a strong recovery of medical tourism.

Embracing social responsibility by stepping up our response in the community during COVID-19

As Hong Kong's leading private healthcare service provider, the Group stepped up during the COVID-19 pandemic to provide a wide range of anti-pandemic measures to the public. For example, we offered telemedicine and drug delivery services through our clinics as well as government-approved nucleic acid tests (RT-PCR) and antibody tests through our accredited laboratories. The Group also provides COVID-19 vaccinations to the public and has joined hands with charitable organizations to donate rapid test kits to those in need.

Set up 2030 sustainability goals

To assimilate sustainability into our business, the Group has taken a proactive approach to set up a sustainability working group with board of directors' oversight to execute our sustainability strategy. We have conducted stakeholder engagement surveys and set up our 2030 sustainability goals based on the findings. Operation & IT-related risks atop our stakeholders' concerns, we will further advance our operation protocols and have engaged third party consultant to review our data governance policy.

Latest Business Developments after the Reporting Period

After the annual reporting period, the Group has announced the acquisitions of two new medical businesses and formed one joint ventures, which will further expand the market share of the Group's medical business and extend the scope of the Group's medical services and its business presence.

On 7 April 2022, the Group announced to acquire 75% of the issued share capital of a veterinary hospital in Tai Po for a total consideration of HK\$15.75 million in cash. Upon completion, the Group will operate a total of 8 veterinary hospital, 2 veterinary imaging centers in Hong Kong.

On 23 May 2022, the Group announced to acquire 75% of the issued share capital of Mobile Medical International Holdings Limited and its subsidiaries for a total consideration of HK\$41.25 million in cash. Upon completion, the Group will operate a total of 6 health screening services centers, covering New Territories, Kowloon and Hong Kong Island, thereby further consolidating the health screening market in Hong Kong.

On 6 June 2022, the Group announced to spearhead an unprecedented medical tenant - landlord collaboration and formed a joint venture with a real estate investment management company, KaiLong Group and Asia Allied Infrastructure Holdings Limited to co-build a premium purpose-built medical grade building in Hong Kong. The Group will be the anchor tenant of this Medical Building upon completion. The Group has conditionally agreed to make initial capital contributions to the joint venture company of up to HK\$275 million, which will represent 30% of the total enlarged issued share capital of the joint venture company.

On 21 June 2022, the Group signed its first sustainability-linked facility ("SLL Facility") totaling HK\$ 700 million. This inaugural dual-tranche SLL Facility is a first-of-its-kind for a healthcare services provider in Hong Kong, complementing the Group's established status as a leading industry pioneer and reaffirms the importance of sustainability in the Group's future growth strategy.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of EC Healthcare said, "The Group believes the medical market will remain relatively resilient under the challenging environment and public-private partnership will continue to increase Hong Kong's private medical spending in the long run. Looking forward, the Group we will diversify within medical and beauty sectors, which allow us to further increase in service offerings to our customers to better meet their needs. We will also continue to expand our strategic partnerships with key players in technology, telecom, property, insurance and pharmaceutical industries to form our healthcare ecosystem.

The Group committed to uphold sustainability principles. Moving forward, we will excel through our sustainability journey together with our much-valued stakeholders. We will also be proactive in continuously refining our strategies for the overall welfare of our company and the greater community."



From left right: Executive Director, Chief Strategy Officer and Chief Investment Officer, Ms. Ada Wong; Executive Director and Co-Chief Executive Officer, Mr. Leslie Lu; Executive Director and Chief Financial Officer, Mr. Levin Lee

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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 is a constituent stock of the Hang Seng Composite Index and the MSCI Hong Kong Small Cap Index.

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, a professional hair care center HAIR FOREST, primary care clinics jointly established with health management centre re:HEALTH, a vaccine centre Hong Kong Professional Vaccine HKPV, General outpatient clinic Tencent Doctorwork, the largest one-stop pain management centre in Hong Kong New York Medical Group, the comprehensive dental centres Bayley & Jackson Dental Surgeons, EC DENTAL CARE and Health and Care Dental Clinic, a advanced diagnostic and imaging centre HKAI, an oncology treatment centre reVIVE, a day procedure centre HKMED, a specialty clinic PREMIER MEDICAL CENTRE, SPECIALISTS CENTRAL and NEW MEDICAL CENTER, a paediatric centre PRIME CARE, a gynaecology specialist ZENITH MEDICAL CENTER AND PRENATAL DIAGNOSIS CENTRE, PathLab Medical Laboratories, 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 2020 and 2021

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