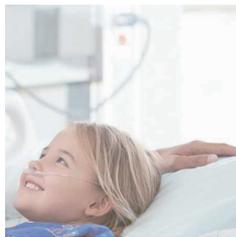
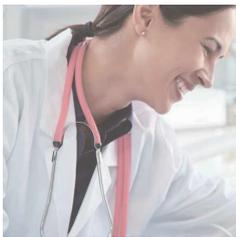
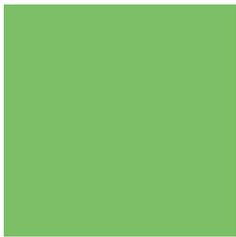
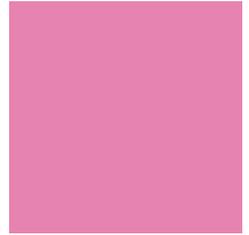




## VINCENT MEDICAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 1612





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. CHOI Man Shing (*Chairman*)  
Mr. TO Ki Cheung (*Chief Executive Officer*)  
Mr. KOH Ming Fai  
Mr. FU Kwok Fu

### Non-executive Director

Mr. GUO Pengcheng

### Independent Non-executive Directors

Mr. CHAN Ling Ming (Resigned on 13 June 2019)  
Mr. MOK Kwok Cheung Rupert  
Mr. AU Yu Chiu Steven  
Prof. YUNG Kai Leung

## BOARD COMMITTEE

### Audit Committee

Mr. AU Yu Chiu Steven (*Chairman*)  
Mr. MOK Kwok Cheung Rupert  
Mr. CHAN Ling Ming (Ceased on 13 June 2019)  
Prof. YUNG Kai Leung (Appointed on 13 June 2019)

### Nomination Committee

Mr. CHOI Man Shing (*Chairman*)  
Mr. MOK Kwok Cheung Rupert  
Mr. CHAN Ling Ming (Ceased on 13 June 2019)  
Prof. YUNG Kai Leung (Appointed on 13 June 2019)

### Remuneration Committee

Mr. MOK Kwok Cheung Rupert (*Chairman*)  
(Appointed as chairman on 13 June 2019)  
Mr. CHOI Man Shing  
Mr. CHAN Ling Ming (Ceased on 13 June 2019)  
Prof. YUNG Kai Leung (Appointed on 13 June 2019)

### Risk Management Committee

Mr. KOH Ming Fai (*Chairman*)  
Mr. KWOK Kam Ming  
Ms. HU Fang  
Mr. ZHANG Changqing  
Mr. LAI Hoi Ming (Appointed on 23 August 2019)

## COMPANY SECRETARY

Ms. TSUI Lai Ki Vicki

## AUTHORISED REPRESENTATIVES

Mr. CHOI Man Shing  
Mr. TO Ki Cheung

## REGISTERED OFFICE

Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111, Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B2, 7th Floor, Phase 2,  
Hang Fung Industrial Building,  
2G Hok Yuen Street,  
Hung Hom, Hong Kong

## AUDITOR

RSM Hong Kong  
29th Floor, Lee Garden Two,  
28 Yun Ping Road,  
Causeway Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111, Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

## INVESTOR RELATIONS CONTACTS

IR Department – Vincent Medical Holdings Limited  
Telephone : (852) 2365 5688  
Fax : (852) 2765 8428  
Email : investors@vincentmedical.com

## STOCK CODE

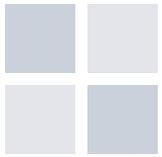
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## COMPANY WEBSITE

www.vincentmedical.com



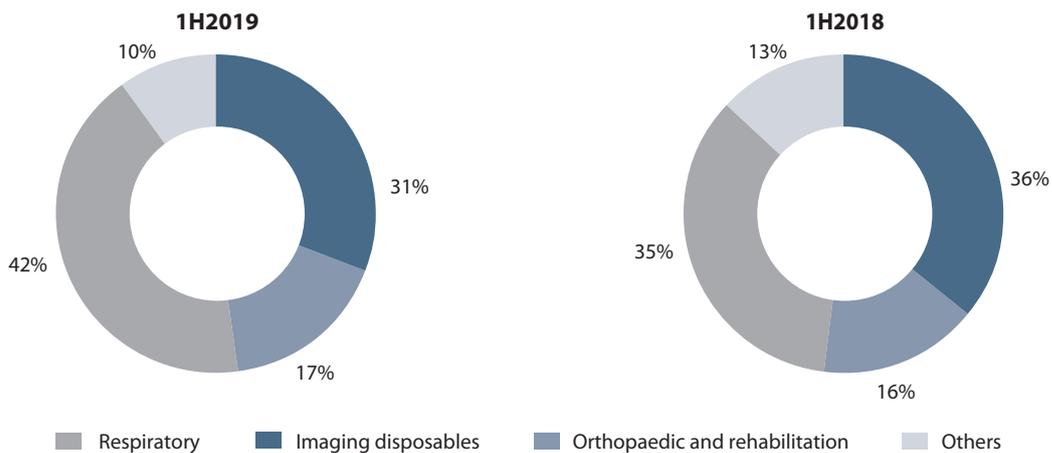
# FINANCIAL HIGHLIGHTS



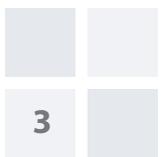
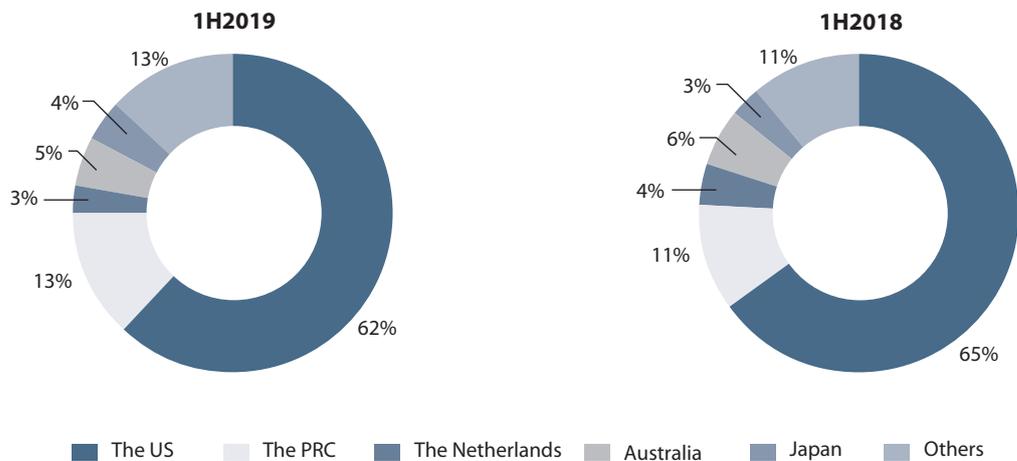
	For the six months ended 30 June (unaudited)		
	2019 HK\$'000	2018 HK\$'000	Change
Revenue	246,524	227,088	+8.6%
Gross profit	83,698	72,790	+15.0%
Profit for the Period	15,510	13,235	+17.2%
Profit attributable to owners of the Company	13,667	12,905	+5.9%
Earnings per share			
Basic (HK cents)	2.14	2.02	+5.9%
Dividend per share (HK cents)	nil	nil	n/a

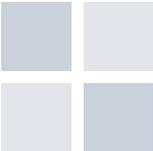
## REVENUE ANALYSIS

### By Product Category



### By Geography





# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2019 (“**1H2019**” or the “**Period**”), together with the comparative figures for the six months ended 30 June 2018 (“**1H2018**”). This report has been reviewed by RSM Hong Kong, the external auditor of the Company, and the Company’s audit committee (the “**Audit Committee**”).

The Group’s financial results have been encouraging with sustained sales growth and gross profit margin improvement. For 1H2019, the Group’s revenue increased by 8.5% to HK\$246.5 million (1H2018: HK\$227.1 million). Overall gross profit margin increased by 1.9 percentage points to 34.0% (1H2018: 32.1%). Profit attributable to owners of the Company increased by 6.2% to HK\$13.7 million (1H2018: HK\$12.9 million). Basic earnings per share of the Company (the “**Share(s)**”) was HK2.14 cents (1H2018: HK2.02 cents). The Board did not recommend the payment of interim dividend to the shareholders of the Company (the “**Shareholders**”) for 1H2019 (1H2018: Nil).

## REVIEW OF OPERATIONS

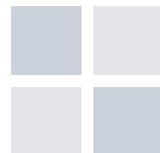
During 1H2019, the Group continued to execute its strategy and focused on expansion of product offerings, operation improvements and production capacity expansion. Both the original equipment manufacturing (“**OEM**”) and the original brand manufacturing (“**OBM**”) segments recorded continuous growth, with the rapid development of its branded business being one of the notable highlights.

Through the launch of the Bubble CPAP (continuous positive airway pressure) System, the O<sub>2</sub>FLO Respiratory Unit and the O<sub>2</sub>B Electronic Oxygen Blender under the Inspired® brand, as well as the release of Series 7 and 8 PAP (positive airway pressure) machines under the Hypnus™ brand, these have marked an important milestone in the Group’s gradual transformation to become a comprehensive respiratory medical device provider for both disposables and equipment. Although the maiden revenue contributions from these equipment during the Period were relatively modest, the Group sees huge room for growth in the years to come. During the Period under review, our marketing team faced growing development and manufacturing opportunities, as international players continued to look for partners on such new products in selective markets with the aim of launching the products upon regulatory clearance.

In March 2019, the Guangdong Provincial Medical Products Administration announced that our high flow oxygen therapy device (VUN-001) was qualified for priority approval for Class II medical device in the People’s Republic of China (the “**PRC**”). The implementation of priority approval procedures by the administration since October 2018 aims to expedite the development of domestic medical devices, and the Group is excited about the potential of bringing the VUN-001 to the PRC market at the earliest opportunity.

In May 2019, the National Medical Products Administration of the PRC (the “**NMPA**”) also approved the Hypnus™ PAP 8 Series ventilator and its accessories. The Hypnus™ PAP 8 Series is an adaptive servo ventilation machine supported by the web-based cloud application iHypnusCare™ that can adjust the positive airway pressure while monitoring apneas during sleep. The NMPA’s approval of the 8 Series represents an important milestone for Hypnus™, and the Group has since immediately launched it to the market in June 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS



In terms of production capacity, certain production lines for disposable products have been operating at full capacity since the end of 2018. As the new machineries and production lines will not be ready for production until the second half of 2019, the overtime wages paid to workers during the Period have negatively impacted the Group's profit margin. Nevertheless, higher sales contribution from the OBM segment, the depreciation of Renminbi ("RMB") along with other cost rationalisation measures have more than offset the profit margin impact from production bottle-neck during the Period.

## OEM

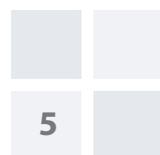
Revenue from the OEM segment amounted to HK\$185.8 million (1H2018: HK\$184.0 million), representing a modest growth of 1.0% and accounting for 75.4% of the Group's total revenue (1H2018: 81.0%). Higher revenue contribution from respiratory products and orthopaedic and rehabilitation products more than offset the decrease in revenue from imaging disposable products and other products. The OEM segment gross profit margin increased to 32.2% (1H2018: 31.0%), attributable primarily to the depreciation of RMB.

The following table sets forth the revenue breakdown of the Group's OEM segment by product category:

### By product category

	For the six months ended 30 June (unaudited)				Change
	2019		2018		
	HK\$'000	% of revenue	HK\$'000	% of revenue	
Imaging disposable products	76,752	41.3%	81,729	44.4%	-6.1%
Respiratory products	49,126	26.4%	41,558	22.6%	+18.2%
Orthopaedic and rehabilitation products	36,174	19.5%	31,402	17.1%	+15.2%
Other products (includes infusion regulators, moulds, surgical tools and plastic disposable products)	23,761	12.8%	29,285	15.9%	-18.9%
<b>Total</b>	<b>185,813</b>	<b>100.0%</b>	<b>183,974</b>	<b>100.0%</b>	<b>+1.0%</b>

Our OEM sales to the United States (the "US") market increased by 3.5% to HK\$150.6 million, mainly attributable to higher demand in respiratory products and orthopaedic and rehabilitation products in the US market. Sales to Australia and Europe decreased by 8.8% and 25.4% respectively, primarily due to lower sales from mould fabrication in Australia and lower sales from respiratory products in Europe.



# MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the revenue breakdown of the Group's OEM segment by location of customers:

## By geography

	For the six months ended 30 June (unaudited)				Change
	2019		2018		
	HK\$'000	% of revenue	HK\$'000	% of revenue	
The US	150,602	81.1%	145,532	79.1%	+3.5%
Australia	12,056	6.5%	13,225	7.2%	-8.8%
Europe	10,246	5.5%	13,734	7.5%	-25.4%
Japan	8,008	4.3%	6,163	3.3%	+29.9%
Others (includes Israel and Hong Kong)	4,901	2.6%	5,320	2.9%	-7.9%
<b>Total</b>	<b>185,813</b>	<b>100.0%</b>	<b>183,974</b>	<b>100.0%</b>	<b>+1.0%</b>

## OBM

With the gradual roll out of new products and the strategic plans to grow our brands recognition and business network, our OBM segment continued its robust performance and recorded a 40.8% growth in revenue to HK\$60.7 million (1H2018: HK\$43.1 million). Gross profit margin increased by 2.8 percentage points to 39.4% (1H2018: 36.6%), attributable to new products launch and product mix enhancement with stronger sales recorded in electronic equipment and device under the respiratory products category (e.g. the O<sub>2</sub>FLO Respiratory Unit and the Hypnus™ PAP devices).

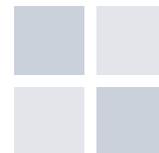
The following table sets forth the revenue breakdown of the Group's OBM segment by product category:

## By product category

	For the six months ended 30 June (unaudited)				Change
	2019		2018		
	HK\$'000	% of revenue	HK\$'000	% of revenue	
Respiratory products	54,843	90.3%	38,638	89.6%	+41.9%
Orthopaedic and rehabilitation products	5,868	9.7%	4,476	10.4%	+31.1%
<b>Total</b>	<b>60,711</b>	<b>100.0%</b>	<b>43,114</b>	<b>100.0%</b>	<b>+40.8%</b>

While the PRC market continues to be the major market for our OBM segment, with sales grew by 34.1% to HK\$32.0 million (1H2018: HK\$23.9 million) and accounted for 52.7% of segment revenue, the international market experienced a significant growth of 49.5% in revenue, reaching HK\$28.7 million (1H2018: HK\$19.2 million). During the Period, sales to Europe jumped by 92.0% to HK\$9.7 million (1H2018: HK\$5.1 million) attributable to new customers as well as an increase in product offerings after receiving the CE (Conformité Européenne) mark approval in 2018. As the Inspired® O<sub>2</sub>FLO Respiratory Unit, Respiratory Humidifier and Air Oxygen Blender obtained approval from Japan's Ministry of Health, Labour and Welfare in the second half of 2018 and early 2019, sales to the Japanese market increased by 101.4% during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS



The table below sets out the revenue breakdown of the Group's OBM segment by location of customers:

## By geography

	For the six months ended 30 June (unaudited)				
	2019		2018		Change
	HK\$'000	% of revenue	HK\$'000	% of revenue	
The PRC	32,031	52.7%	23,887	55.4%	+34.1%
Europe	9,705	16.0%	5,054	11.7%	+92.0%
The US	2,952	4.9%	1,888	4.4%	+56.4%
Japan	2,658	4.4%	1,320	3.1%	+101.4%
Hong Kong	2,488	4.1%	858	2.0%	+190.0%
Others (includes Israel, India, Australia and Canada)	10,877	17.9%	10,107	23.4%	+7.6%
<b>Total</b>	<b>60,711</b>	<b>100.0%</b>	<b>43,114</b>	<b>100.0%</b>	<b>+40.8%</b>

## INVESTMENTS AND COLLABORATION

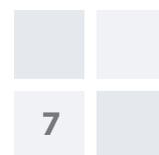
Following the introduction of a new series of smart wearable devices in 2018, 廣州柏頤信息科技有限公司 (translated as "Guangzhou 100ecare Technology Co. Ltd.", "100ecare") further introduced a smart GPS watch S7PRO in June 2019, with a strong focus on marketing the devices to elderly care services providers in the PRC, as well as expanding their e-commerce presence to solidify its customer base.

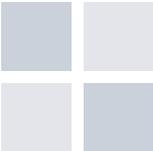
During the Period, Inovytec Medical Solutions Ltd. ("Inovytec") continued to market its three main products (the LUBO, the SALI and the Ventway Sparrow) in Europe and the US through engaging with government agencies, regional distributors and key opinion leaders with several clinical studies underway. Inovytec has also submitted the application for FDA (Food and Drug Administration of the US) approval of the Ventway Sparrow, the ultra-light weight turbine ventilator.

Retraction Limited ("Retraction") has completed the development of its new 5mm retractor (RT01). This device allows the surgeon to use industry standard 5mm trocars and hence broadens the application of REVEEL in upper GI (Gastrointestinal) surgery. The submission of the FDA 510(k) product registration is well in hand and the search for distribution in the US is being actively pursued. Sales of the current REVEEL retractor are satisfactory and the demand from the European market remains stable.

Avalon Photonics Holdings Limited ("Avalon") has initiated the NMPA product registration process of its 2nd generation LED-based wearable phototherapy device during the Period. The enhanced device with additional features can cater a wider range of use contexts.

During the Period, Fresca Medical, Inc. ("Fresca") has completed the manufacturing transfer at the Group's production facility and conducted a series of clinical pilot studies to prepare for future regulatory submission. At the end of June 2019, Fresca completed a pilot study on 5 subjects for a total of 10 sleep nights in a sleep laboratory to assess the APAP (automatic positive airway pressure) algorithm logic of the system, the safety profile and sleep quality of the subjects, the preliminary results were encouraging.





# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

Given the increasing awareness on healthcare economics globally, the Group is expecting a robust development in areas such as cloud-based connected home care and preventative devices which can deliver medical efficiencies at a lower cost. Specifically, in the respiratory area, high-flow nasal cannula oxygen therapy is gaining acceptance and popularity for the treatment of acute and chronic respiratory failure, as it represents a cost-effective alternative to conventional oxygen therapy and non-invasive ventilation in terms of equipment and disposable costs and workflow efficiency.

In this regard, the Group is making consistent progress on business development and financial performance. Through our new high-flow oxygen therapy device and PAP machine for sleep apnea, the Group was able to capture the increase in demand, and is expecting to deliver organic revenue growth performance in the second half of 2019. The Group will also strive to achieve profit margin expansion amidst increasing production and labour cost in the PRC.

While the Group will continue to promote its “Inspired Medical” brand and pursue for the CE marking and NMPA registration of the O<sub>2</sub>FLO Respiratory Unit and the O<sub>2</sub>B Electronic Oxygen Blender, it has identified Japan as one of the key growth area, as it represents one of the largest medical device markets in the world. The Group intends to invest additional resources in regulatory affairs and marketing to increase our presence and reach in Japan. Lastly, the Group will also pay close attention to the latest product development of our investment in med-tech companies, as well as to pursue potential collaborations that allow access to new geographic markets and complementary technologies.

## FINANCIAL REVIEW

### REVENUE

Driven by higher sales in both OEM and OBM segments, the Group’s total revenue increased by 8.5% to HK\$246.5 million for 1H2019 (1H2018: HK\$227.1 million). Revenue from the US market and the PRC market increased by 4.2% and 34.1%, respectively. The OEM segment and the OBM segment contributed 75.4% (1H2018: 81.0%) and 24.6% (1H2018: 19.0%) to the Group’s total revenue, respectively.

### GROSS PROFIT AND GROSS PROFIT MARGIN

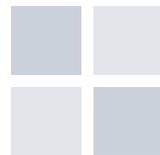
Gross profit rose by 15.0% to HK\$83.7 million (1H2018: HK\$72.8 million). Gross profit margin increased by 1.9 percentage points from 32.1% to 34.0%. This was primarily attributable to the depreciation of RMB and a strong sales growth from the OBM segment during the Period, which has more than mitigated the impact from rising labour and production costs.

### OTHER INCOME

Other income during the Period mainly represented the subsidies of HK\$2.5 million (1H2018: Nil) from “Guan-Rong Plan” of Dongguan Songshan Lake Science and Technology Industrial Park (the “**Songshan Lake**”).

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by 24.8% to HK\$15.6 million (1H2018: HK\$12.5 million). The increase was primarily due to an increase in demand in premium delivery services from clients, and the start-up marketing cost for new products. Selling and distribution expenses as a percentage of revenue was 6.3% (1H2018: 5.5%).



## ADMINISTRATIVE EXPENSES

Administrative expenses increased by 18.7% to HK\$49.6 million (1H2018: HK\$41.8 million), primarily due to an increase in expensed research and development (“R&D”) expenses related to the Group’s OBM segment, the relocation of sales and R&D offices to the Songshan Lake and general salary adjustment for staff. Capitalised R&D expenses (including salaries and wages of R&D staff) during the Period was HK\$2.8 million (1H2018: HK\$8.1 million), while expensed R&D expenses (including salaries and wages of R&D staff) which included in administrative expenses was HK\$11.5 million (1H2018: HK\$9.3 million).

## SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

The Group shared losses of associates for the Period amounted to HK\$0.5 million (1H2018: losses of HK\$0.9 million) and losses of joint ventures amounted to HK\$0.7 million (1H2018: losses of HK\$0.7 million), reflected mainly by the share of results of Retraction, 100ecare and Avalon.

## INCOME TAX EXPENSE

Income tax expense decreased by 19.0% to HK\$3.4 million (1H2018: HK\$4.2 million) which was mainly attributable to the entitlements of preferential tax treatments and benefits in the PRC.

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by 6.2% to HK\$13.7 million (1H2018: HK\$12.9 million). The increase was mainly due to an overall increase in revenue, gross profit and other income, which was partially offset by higher selling and distribution expenses and administrative expenses.

## PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group purchased additional automation machinery and equipment and expanded and upgraded the production areas as well as capacity. As at 30 June 2019, property, plant and equipment increased by 16.2% to HK\$62.3 million (31 December 2018: HK\$53.6 million).

## RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 30 June 2019, right-of-use assets and lease liabilities amounted to HK\$25.0 million (31 December 2018: Nil) and HK\$25.5 million (31 December 2018: Nil), respectively. The increase was primarily attributable to the adoption of new accounting standard effective from 1 January 2019.

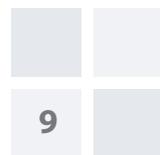
## INVENTORIES

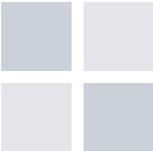
Inventories as at 30 June 2019 increased by HK\$18.7 million to HK\$114.3 million (31 December 2018: HK\$95.6 million). Management considers this inventory level to be adequate in relation to our projected sales.

## HUMAN RESOURCES

As at 30 June 2019, the total number of full-time employees of the Group was 1,241 (31 December 2018: 1,103). The remuneration of employees was determined according to their experience, qualifications, result of operations of the Group and market condition. We offer senior management performance-based bonus schemes and share options to reward and retain a high caliber management team.

During the Period, staff costs including Directors’ emoluments (excluding capitalised salaries and wages of R&D staff) amounted to HK\$74.3 million (1H2018: HK\$57.2 million), representing 30.1% of the Group’s revenue (1H2018: 25.2%). The increase in staff costs was mainly due to the increase in number of employees, salary adjustment, and the increase in overtime wages.





# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

As at 30 June 2019, the bank and cash balances, net of bank loan, was HK\$61.0 million (31 December 2018: HK\$71.9 million).

As at 30 June 2019, total borrowings amounted to HK\$16.3 million (31 December 2018: HK\$17.2 million). The net gearing ratio, which was calculated on the basis of the amount of total borrowings divided by the total equity attributable to owners of the Company, was 0.04 (31 December 2018: 0.05).

At 30 June 2019, the Group had unutilised bank facilities of HK\$30.0 million.

## CAPITAL EXPENDITURE AND COMMITMENTS

During the Period, total investment in property, plant and equipment was HK\$16.5 million (1H2018: HK\$11.2 million), in which 91.0% was used for production capacity expansion and the remaining balance was used for procurement of other fixed assets.

At 30 June 2019, the Group had contracted capital commitments of HK\$11.9 million for the procurement of property, plant and equipment, which was mainly financed with internal resources.

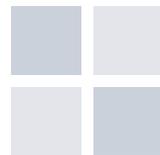
## CAPITAL STRUCTURE

At the date of this report, the issued share capital of the Company was approximately HK\$6.4 million, comprising 637,650,000 Shares of nominal value of HK\$0.01 per Share.

## SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Company considered that the significant investments were as follows:

1. The Group held 40% (31 December 2018: 40%) interest in Retraction with carrying amount of HK\$7.7 million (31 December 2018: HK\$7.9 million). During the Period, the Group shared a loss of HK\$0.2 million in the consolidated statement of profit or loss.
2. At 30 June 2019, the fair value of the equity investment in Inovytec amounted to US\$2.2 million (equivalent to HK\$16.9 million) (31 December 2018: US\$2.0 million (equivalent to HK\$15.9 million)).
3. At 30 June 2019, the fair value of the equity investment in Fresca amounted to US\$2.8 million (equivalent to HK\$21.8 million) (31 December 2018: US\$2.7 million (equivalent to HK\$20.8 million)).
4. The Group held 10% (31 December 2018: 10%) interest in 100ecare with carrying amount of HK\$9.5 million (31 December 2018: HK\$9.5 million). During the Period, the Group shared a profit of HK\$60,000 in the consolidated statement of profit or loss.
5. The Group held 20% (31 December 2018: 20%) interest in Avalon with carrying amount of HK\$10.6 million (31 December 2018: HK\$11.3 million). During the Period, the Group shared a loss of HK\$0.7 million in the consolidated statement of profit or loss.



## MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

## EVENTS AFTER THE REPORTING PERIOD

On 23 August 2019, Mr. Lai Hoi Ming has been appointed as a member of the risk management committee of the Company (the “**Risk Management Committee**”). Subsequent to the above appointment, the Risk Management Committee comprises of Mr. Koh Ming Fai (executive Director), Mr. Kwok Kam Ming (quality assurance manager), Ms. Hu Fang (sales and marketing manager), Mr. Zhang Changqing (sales and marketing manager) and Mr. Lai Hoi Ming (financial controller).

Save as disclosed above, there were no other significant events after the reporting period up to the date of this report.

## CHARGES ON THE GROUP’S ASSETS

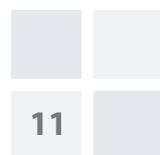
At 30 June 2019, none of the assets of the Group were pledged.

## FOREIGN EXCHANGE EXPOSURE

While some of the Group’s costs and expenses are denominated in RMB, there was a substantial amount of sales denominated in US dollars (“**USD**”) given the export-oriented nature of the OEM segment. Thus, any appreciation of RMB against USD may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group’s profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## CONTINGENT LIABILITIES

At 30 June 2019, the Group did not have any contingent liabilities.



## OTHER INFORMATION

### INTERIM DIVIDEND

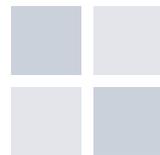
The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2019, to the best knowledge of the Directors and chief executives of the Company, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be disclosed pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

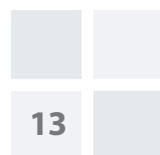
#### Interests in Shares and underlying Shares

Name of Directors	Capacity/Type of interest	Number of Shares (L) <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 6)</i>
Choi Man Shing	Beneficial owner/interest of controlled corporations	384,789,890 <i>(Note 2)</i>	60.34%
To Ki Cheung	Beneficial owner	19,024,110 <i>(Note 3)</i>	2.98%
Koh Ming Fai	Beneficial owner	6,970,000 <i>(Note 4)</i>	1.09%
Fu Kwok Fu	Beneficial owner	6,970,000 <i>(Note 5)</i>	1.09%
Yung Kai Leung	Beneficial owner	1,200,000	0.19%



*Notes:*

1. The letter "L" denotes the person's long position in the Shares or the underlying Shares.
2. These interests represented:
  - (a) 2,600,000 Shares held by Mr. Choi Man Shing ("**Mr. Choi**"), the chairman and an executive Director of the Company;
  - (b) 381,939,890 Shares held by VINCENT RAYA INTERNATIONAL LIMITED ("**VRI**"). Mr. Choi holds 57.89% of the issued share capital of VRI. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRI is interested; and
  - (c) 250,000 Shares held by VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司) ("**VRHK**"). VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRHK is interested.
3. These interests represented:
  - (a) 16,497,778 Shares held by Mr. To Ki Cheung, the chief executive officer and executive Director of the Company;
  - (b) 526,332 options granted to Mr. To Ki Cheung, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below; and
  - (c) 2,000,000 options granted to Mr. To Ki Cheung, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below.
4. These interests represented:
  - (a) 4,941,166 Shares held by Mr. Koh Ming Fai, an executive Director;
  - (b) 528,834 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below; and
  - (c) 1,500,000 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below.
5. These interests represented:
  - (a) 4,941,166 Shares held by Mr. Fu Kwok Fu, an executive Director;
  - (b) 528,834 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below; and
  - (c) 1,500,000 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" below.
6. Approximate percentage calculated based on the 637,650,000 Shares in issue as at the date of this report.



## OTHER INFORMATION

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2019, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

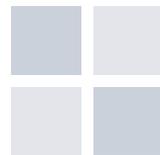
As at 30 June 2019, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares and the underlying Shares of the Company, which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

#### Interests in Shares and underlying Shares

Name of Shareholders	Notes	Capacity/Type of interest	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 5)
Liu Pui Ching	2	Interest of spouse/interest of controlled corporations	384,789,890	60.34%
VRI	3	Beneficial owner/interest of a controlled corporation	382,189,890	59.94%
China Orient Asset Management Corporation	4	Interest of controlled corporations	33,000,000	5.18%
Dong Yin Development (Holdings) Limited	4	Interest of a controlled corporation	33,000,000	5.18%
Bright Way Enterprise Inc.	4	Beneficial owner	33,000,000	5.18%

#### Notes:

- The letter "L" denotes the person/entity's long position in the Shares or the underlying Shares.
- These interests represented:
  - 2,600,000 Shares held by Mr. Choi. Mr. Choi is the spouse of Ms. Liu Pui Ching ("**Ms. Liu**"), a former non-executive Director who retired on 24 May 2018. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which Mr. Choi is interested;
  - 381,939,890 Shares held by VRI. Ms. Liu holds 42.11% of the issued share capital of VRI. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRI is interested; and
  - 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRHK is interested.



3. These interests represented:
  - (a) 381,939,890 Shares held by VRI; and
  - (b) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by the virtue of the SFO, VRI is deemed to be interest in all the Shares held by VRHK.
4. China Orient Asset Management Corporation holds 100% interest of Dong Yin Development (Holdings) Limited, which in turns holds 100% interest of Bright Way Enterprise Inc. Therefore, each of China Orient Asset Management Corporation and Dong Yin Development (Holdings) Limited is deemed to be interested in the same 33,000,000 Shares held by Bright Way Enterprise Inc..
5. Approximate percentage calculated based on the 637,650,000 Shares in issue as at the date of this report.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other corporation or individual (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

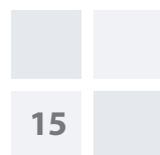
## SHARE OPTION SCHEMES

### Pre-IPO Share Option Scheme adopted on 17 June 2016

A pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was adopted by the Company on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, Directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire in 16 June 2026 and the remaining life of the Pre-IPO Share Option Scheme as at the date of this report is around 7 years.

Pursuant to the Pre-IPO Share Option Scheme, on 17 June 2016, the Company conditionally granted the options to subscribe for an aggregate of 19,684,000 Shares to a total of 91 grantees at exercise price of HK\$0.80 per Share which is an amount equal to 80% of the final price (i.e. HK\$1.00) for each offer share of the Hong Kong public offering and the international placing in connection with the Company’s listing of the Shares on the main board of the Stock Exchange on 13 July 2016. Save for the options which have been granted on 17 June 2016, no further options will be granted under the Pre-IPO Share Option Scheme.

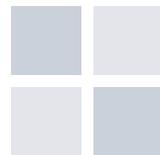
During the six months ended 30 June 2019, none of the share options under the Pre-IPO Share Option Scheme were exercised and lapsed. As at 30 June 2019, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme was 16,788,000 Shares, representing approximately 2.6% of the Company’s issued share capital as at 30 June 2019.



## OTHER INFORMATION

Details of the outstanding share options under the Pre-IPO Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Number of Shares underlying the share options granted			Outstanding as at 30 June 2019
				Outstanding as at 1 January 2019	Exercised during the Period	Lapsed during the Period	
<b>Directors</b>							
To Ki Cheung	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	526,332	-	-	526,332
Koh Ming Fai	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
Fu Kwok Fu	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
<b>In aggregate</b>				<b>1,584,000</b>	<b>-</b>	<b>-</b>	<b>1,584,000</b>
<b>Consultant</b>							
<b>In aggregate</b>	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	<b>528,000</b>	<b>-</b>	<b>-</b>	<b>528,000</b>
<b>Senior management and other employees</b>							
<b>In aggregate</b>	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	<b>14,676,000</b>	<b>-</b>	<b>-</b>	<b>14,676,000</b>
<b>Total</b>				<b>16,788,000</b>	<b>-</b>	<b>-</b>	<b>16,788,000</b>



### Share option scheme adopted on 24 June 2016

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company on 24 June 2016. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of eligible participants of the Share Option Scheme including any executive, Director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or business or joint-venture partner to the Group (the “**Eligible Participant(s)**”) by granting options to them as incentives or rewards. HK\$1.00 is payable by an Eligible Participant upon acceptance of an offer of option. The Share Option Scheme will expire on 23 June 2026 and the remaining life of the Share Option Scheme as at the date of this report is around 7 years.

The exercise price per Share shall be determined by the Board and notified to the grantee at the time of offer of the options. The exercise price should at least be the highest of:

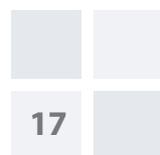
- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the “**Business Day**”); and
- (iii) the average closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of offer,

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

As at the date of this report, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 63,800,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted under the Share Option Scheme and any other schemes of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12 consecutive months up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

Pursuant to the Share Option Scheme, on 25 March 2019, the Company conditionally granted the options to subscribe for an aggregate of 4,600,000 Shares to a total of 6 grantees including a consultant, executives and officers of the Group, at exercise price of HK\$0.80 per Share which was determined by the Board and at least be the highest of (i) the closing price of HK\$0.74 per Share as stated in the Stock Exchange’s daily quotations sheet on 25 March 2019; (ii) the average closing price of HK\$0.74 per Share as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding 25 March 2019; and (iii) the nominal value of the Share of HK\$0.01 each. The closing price per Share as stated in the Stock Exchange’s daily quotations sheet for the trading day immediately preceding 25 March 2019 is HK\$0.74.

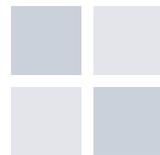
During the six months ended 30 June 2019, none of the share options under the Share Option Scheme were exercised and lapsed. As at 30 June 2019, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Share Option Scheme was 17,100,000 Shares, representing approximately 2.7% of the Company’s issued share capital as at 30 June 2019.



## OTHER INFORMATION

Details of the outstanding share options under the Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Number of Shares underlying the share options granted				Outstanding as at 30 June 2019
				Outstanding as at 1 January 2019	Granted during the Period	Exercised during the Period	Lapsed during the Period	
<b>Directors</b>								
To Ki Cheung	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	2,000,000	-	-	-	2,000,000
Koh Ming Fai	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	1,500,000	-	-	-	1,500,000
Fu Kwok Fu	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	1,500,000	-	-	-	1,500,000
<b>In aggregate</b>				<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Consultant</b>								
<b>In aggregate</b>	25 March 2019	25% of options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively	25% of options will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026	-	<b>300,000</b>	-	-	<b>300,000</b>
<b>Senior management and other employees</b>								
	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	7,500,000	-	-	-	7,500,000
	25 March 2019	25% of options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively	25% of options will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026	-	4,300,000	-	-	4,300,000
<b>In aggregate</b>				<b>7,500,000</b>	<b>4,300,000</b>	<b>-</b>	<b>-</b>	<b>11,800,000</b>
<b>Total</b>				<b>12,500,000</b>	<b>4,600,000</b>	<b>-</b>	<b>-</b>	<b>17,100,000</b>



Further details of the share options are set out in Note 16 to the condensed consolidated financial statements of this report.

### CHANGE OF DIRECTORS' INFORMATION

Subsequent to publication of the 2018 annual report, the changes of Directors' information, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Directors	Details of changes
Mr. Chan Ling Ming	Resigned as an independent non-executive Director on 13 June 2019 and ceased to be the chairman of the remuneration committee of the Company (the " <b>Remuneration Committee</b> "), and a member of each of the Audit Committee and nomination committee of the Company (the " <b>Nomination Committee</b> ") with effect from 13 June 2019
Prof. Yung Kai Leung	Appointed as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee, respectively, with effect from 13 June 2019
Mr. Mok Kwok Cheung Rupert	Appointed as the chairman of the Remuneration Committee with effect from 13 June 2019

The biographies of the current Directors are available in "About Us" section of the Company's website.

### CORPORATE GOVERNANCE PRACTICES

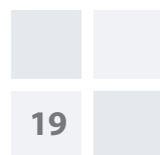
The Board is committed to maintaining the highest possible standards of corporate governance, and strives to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and high quality corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group's corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

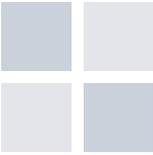
The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders.

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the Period and up to the date of this report.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding their securities transactions throughout the Period and up to the date of this report.





## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference which deal clearly with its authority and duties. With effect from 13 June 2019 as a result of the resignation of Mr. Chan Ling Ming as an independent non-executive Director, Mr. Chan Ling Ming ceased to be a member of Audit Committee and Prof. Yung Kai Leung has been appointed as a member of the Audit Committee. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Au Yu Chiu Steven, Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung.

The Group's unaudited consolidated interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

RSM Hong Kong, the Company's auditor, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2019 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditor's independent review report will be included in the Company's interim report for the six months ended 30 June 2019 to the Shareholders.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2019.

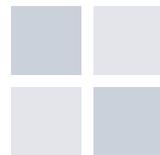
### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company had maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules during the Period and up to the date of this report.

### PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2019 containing all the relevant information required by the Listing Rules and the relevant laws and regulations has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.vincentmedical.com>).

By Order of the Board  
**Vincent Medical Holdings Limited**  
**Choi Man Shing**  
*Chairman and Executive Director*  
Hong Kong, 23 August 2019



## TO THE BOARD OF DIRECTORS OF VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 22 to 42 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

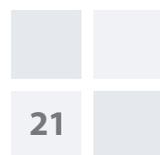
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### RSM Hong Kong

*Certified Public Accountants*

Hong Kong

23 August 2019



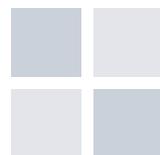
# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

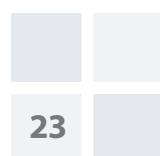
	Note	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue</b>	5	<b>246,524</b>	227,088
Cost of sales		(162,826)	(154,298)
<b>Gross profit</b>		<b>83,698</b>	72,790
Other income		3,043	893
Selling and distribution expenses		(15,617)	(12,499)
Administrative expenses		(49,637)	(41,817)
<b>Profit from operations</b>		<b>21,487</b>	19,367
Finance costs		(1,451)	(344)
Share of losses of associates		(455)	(932)
Share of losses of joint ventures		(677)	(689)
<b>Profit before tax</b>		<b>18,904</b>	17,402
Income tax expense	6	(3,394)	(4,167)
<b>Profit for the period</b>	7	<b>15,510</b>	13,235
<b>Attributable to:</b>			
Owners of the Company		13,667	12,905
Non-controlling interests		1,843	330
		<b>15,510</b>	13,235
<b>Earnings per share</b>	9		
Basic		<b>HK2.14 cents</b>	HK2.02 cents
Diluted		n/a	n/a

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019



	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>15,510</b>	13,235
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income (FVTOCI)	<b>2,684</b>	1,816
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(1,017)</b>	(2,056)
Share of other comprehensive income of associates and joint ventures	<b>39</b>	(47)
	<b>(978)</b>	(2,103)
<b>Other comprehensive income for the period, net of tax</b>	<b>1,706</b>	(287)
<b>Total comprehensive income for the period</b>	<b>17,216</b>	12,948
<b>Attributable to:</b>		
Owners of the Company	<b>15,281</b>	13,080
Non-controlling interests	<b>1,935</b>	(132)
	<b>17,216</b>	12,948



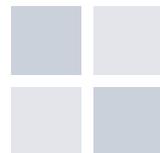
# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

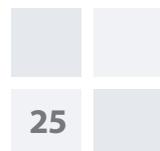
	Note	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	62,270	53,594
Right-of-use assets		25,022	–
Goodwill		1,670	1,670
Other intangible assets		33,239	31,987
Investments in associates		11,568	12,024
Investments in joint ventures		20,155	20,833
Equity investments at FVTOCI		66,988	64,304
Deferred tax assets		1,927	1,935
<b>Total non-current assets</b>		<b>222,839</b>	<b>186,347</b>
<b>Current assets</b>			
Inventories		114,261	95,550
Trade receivables	11	99,694	109,953
Contract assets		15,431	17,177
Prepayments, deposits and other receivables	12	54,609	47,109
Bank and cash balances		69,331	81,141
<b>Total current assets</b>		<b>353,326</b>	<b>350,930</b>
<b>TOTAL ASSETS</b>		<b>576,165</b>	<b>537,277</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	6,377	6,377
Reserves		374,500	368,074
Equity attributable to owners of the Company		380,877	374,451
Non-controlling interests		61,677	59,742
<b>Total equity</b>		<b>442,554</b>	<b>434,193</b>
<b>Non-current liabilities</b>			
Lease liabilities		15,486	–
Deferred tax liabilities		5,413	5,082
		20,899	5,082
<b>Current liabilities</b>			
Trade payables	13	43,598	40,814
Other payables and accruals	14	31,682	31,398
Lease liabilities		10,020	–
Borrowings		16,306	17,244
Current tax liabilities		11,106	8,546
<b>Total current liabilities</b>		<b>112,712</b>	<b>98,002</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>576,165</b>	<b>537,277</b>
<b>Net current assets</b>		<b>240,614</b>	<b>252,928</b>
<b>Total assets less current liabilities</b>		<b>463,453</b>	<b>439,275</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019



	Attributable to owners of the Company									
	Share capital	Share premium account	Share-based payment reserve	Merger reserve	Foreign currency translation reserve	FVTOCI reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (audited)	6,380	161,747	5,797	12,094	(612)	-	179,779	365,185	49,766	414,951
Adjustments on initial application of										
- HKFRS 9	-	-	-	-	-	12,758	-	12,758	-	12,758
- HKFRS 15	-	-	-	-	-	-	3,976	3,976	988	4,964
Restated balance at 1 January 2018	6,380	161,747	5,797	12,094	(612)	12,758	183,755	381,919	50,754	432,673
Total comprehensive income for the period	-	-	-	-	(1,641)	1,816	12,905	13,080	(132)	12,948
Repurchase of shares	(3)	(225)	-	-	-	-	-	(228)	-	(228)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	50	50
Share-based payments	-	-	1,381	-	-	-	-	1,381	-	1,381
Dividend paid	-	(9,565)	-	-	-	-	-	(9,565)	-	(9,565)
Loss on deemed acquisition of non-controlling interests	-	-	-	-	-	-	(1,455)	(1,455)	1,455	-
Purchases of non-controlling interests	-	-	-	-	71	-	(3,766)	(3,695)	3,695	-
Changes in equity for the period	(3)	(9,790)	1,381	-	(1,570)	1,816	7,684	(482)	5,068	4,586
At 30 June 2018 (unaudited)	6,377	151,957	7,178	12,094	(2,182)	14,574	191,439	381,437	55,822	437,259
At 1 January 2019 (audited)	6,377	151,957	8,514	12,094	(6,741)	(6,323)	208,573	374,451	59,742	434,193
Total comprehensive income for the period	-	-	-	-	(1,070)	2,684	13,667	15,281	1,935	17,216
Share-based payments	-	-	1,347	-	-	-	-	1,347	-	1,347
Dividend paid	-	(10,202)	-	-	-	-	-	(10,202)	-	(10,202)
Changes in equity for the period	-	(10,202)	1,347	-	(1,070)	2,684	13,667	6,426	1,935	8,361
At 30 June 2019 (unaudited)	6,377	141,755	9,861	12,094	(7,811)	(3,639)	222,240	380,877	61,677	442,554



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>24,299</b>	9,781
Purchases of property, plant and equipment	(16,459)	(11,234)
Purchases of equity investments at FVTOCI	–	(14,127)
Acquisition of associates	–	(10,056)
Additions to other intangible assets	(2,350)	(10,875)
Other investing cash flows (net)	69	21
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(18,740)</b>	(46,271)
Repurchase of shares	–	(228)
Repayment of bank loan	(907)	–
Proceeds from other loans	–	1,406
Repayment of other loans	–	(1,450)
Principal elements of lease payment	(5,638)	–
Contribution from non-controlling shareholders	–	50
Dividend paid to owners of the Company	(10,202)	(9,565)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(16,747)</b>	(9,787)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,188)</b>	(46,277)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>81,141</b>	112,993
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(622)</b>	(1,621)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>69,331</b>	65,095
Bank and cash balances	69,331	65,095

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group’s consolidated financial statements.

### HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

### (a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### HKFRS 16 Leases (continued)

#### (b) As a lessee

The Group leases many assets, including properties.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	Balances as at	
	30 June 2019	1 January 2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Properties	25,022	30,353

#### *Significant accounting policies*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### HKFRS 16 Leases (continued)

#### (b) As a lessee (continued)

##### Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include offices and factory premises. Leases are negotiated for terms ranging from one to four years and rentals are fixed over the lease terms and do not include contingent rentals.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### (c) Impacts of financial statements

##### Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained profits. The change in accounting policy affected the following items on the condensed consolidated statement of financial position (increase/(decrease)) as at 1 January 2019 is summarised below.

	1 January 2019 HK\$'000 (unaudited)
<b>Assets</b>	
Right-of-use assets	30,353
<b>Liabilities</b>	
Lease liabilities	30,353

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6.9%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

### HKFRS 16 Leases (continued)

#### (c) Impacts of financial statements (continued)

*Impact on transition (continued)*

	HK\$'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements (audited)	36,417
Discounted using the incremental borrowing rate at 1 January 2019	(3,695)
Less: Recognition exemption for leases of low-value assets	(7)
Less: Recognition exemption for leases with less than 12 months of leases term at transition	(2,362)
	<hr/>
Lease liability recognised as at 1 January 2019 (unaudited)	30,353
	<hr/>
Of which are:	
Current lease liabilities	9,680
Non-current lease liabilities	20,673
	<hr/>
	30,353
	<hr/>

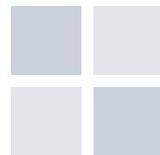
#### *Impacts for the period*

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised approximately HK\$25,022,000 of right-of-use assets and approximately HK\$25,506,000 of lease liabilities as at 30 June 2019.

Also, in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised approximately HK\$5,157,000 of depreciation charges and approximately HK\$974,000 of finance costs from these leases.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

### (a) Disclosures of level in fair value hierarchy at 30 June 2019:

Description	Fair value measurements as at 30 June 2019 (unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000

#### Recurring fair value measurements:

Financial assets at FVTOCI

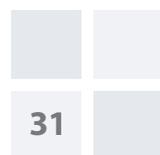
– Unlisted equity securities	–	–	66,988	66,988
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Description	Fair value measurements as at 31 December 2018 (audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000

#### Recurring fair value measurements:

Financial assets at FVTOCI

– Unlisted equity securities	–	–	64,304	64,304
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 3. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTOCI	
	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
At beginning of period/year	64,304	–
Initial application of HKFRS 9	–	61,398
Purchases	–	21,987
Total gains or (losses) recognised in other comprehensive income	2,684	(19,081)
At end of period/year	66,988	64,304

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the condensed consolidated statement of profit or loss and other comprehensive income.

### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019:

The Group's financial controller is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

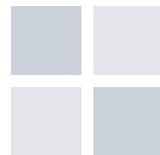
#### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value as at 30 June 2019 HK\$'000 (unaudited)
Unlisted equity securities classified as financial assets at FVTOCI	Discounted cash flow	Weighted average cost of capital	33% – 50%	Decrease	66,988
		Discount for lack of marketability	20% – 25%	Decrease	
		Long-term growth rate	2%	Increase	

There were no changes in the valuation techniques used.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 4. SEGMENT INFORMATION

Information about reportable segment profit or loss:

	OEM HK\$'000 (unaudited)	OBM HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
--	--------------------------------	--------------------------------	----------------------------------

### Six months ended 30 June 2019

Revenue from external customers	185,813	60,711	246,524
Segment profit/(loss)	28,567	(5,061)	23,506

### Six months ended 30 June 2018

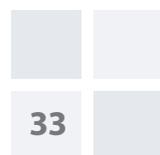
Revenue from external customers	183,974	43,114	227,088
Segment profit/(loss)	29,862	(7,430)	22,432

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Total profit or loss of reportable segments	23,506	22,432
Interest income	69	21
Interest expenses	(1,451)	(344)
Share-based payments	(1,347)	(1,381)
Share of losses of associates	(455)	(932)
Share of losses of joint ventures	(677)	(689)
Unallocated corporate income	523	872
Unallocated corporate expenses	(1,264)	(2,577)
Consolidated profit before tax	18,904	17,402

Revenue from major customers:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
OEM segment		
Customer A	78,694	85,162
Customer B	37,630	39,571



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 5. REVENUE

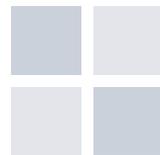
The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by product category, geographical market and timing of revenue recognition.

	Six months ended 30 June (unaudited)					
	OEM		OBM		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>By product category</b>						
Respiratory products	49,126	41,558	54,843	38,638	103,969	80,196
Imaging disposable products	76,752	81,729	-	-	76,752	81,729
Orthopaedic and rehabilitation products	36,174	31,402	5,868	4,476	42,042	35,878
Other products	23,761	29,285	-	-	23,761	29,285
	<u>185,813</u>	<u>183,974</u>	<u>60,711</u>	<u>43,114</u>	<u>246,524</u>	<u>227,088</u>
<b>By geographical market</b>						
United States	150,602	145,532	2,952	1,888	153,554	147,420
The People's Republic of China (the "PRC")	-	-	32,031	23,887	32,031	23,887
Australia	12,056	13,225	749	430	12,805	13,655
The Netherlands	7,516	8,380	-	-	7,516	8,380
Japan	8,008	6,163	2,658	1,320	10,666	7,483
Others	7,631	10,674	22,321	15,589	29,952	26,263
	<u>185,813</u>	<u>183,974</u>	<u>60,711</u>	<u>43,114</u>	<u>246,524</u>	<u>227,088</u>
<b>By timing of recognition</b>						
Products transferred at a point in time	109,061	98,812	60,711	43,114	169,772	141,926
Products transferred over time	76,752	85,162	-	-	76,752	85,162
	<u>185,813</u>	<u>183,974</u>	<u>60,711</u>	<u>43,114</u>	<u>246,524</u>	<u>227,088</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 5. REVENUE (CONTINUED)

The following table provides information about receivables and contract assets from contracts with customers:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Receivables, which included in "trade receivables"	99,694	109,953
Contract assets	15,431	17,177

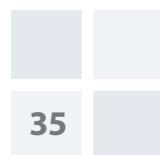
Contract assets primarily consist of unbilled amount resulting from sales of OEM products transferred over time. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax	2,071	2,647
– PRC Corporate Income Tax	973	1,271
Deferred tax	350	249
	<b>3,394</b>	<b>4,167</b>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2019 and 2018.

PRC Corporate Income Tax has been provided at tax rates ranging from 10% to 25% for the six months ended 30 June 2019 (six months ended 30 June 2018: 15% to 25%).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 7. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Amortisation	1,122	1,890
Cost of inventories sold	162,826	154,298
Depreciation of property, plant and equipment	7,371	6,212
Depreciation of right-of-use assets	5,157	–
Directors' emoluments	3,061	3,098
Equity-settled share-based payments	1,347	1,381
Exchange loss, net	1,668	2,633
Research and development expenditure	11,696	9,746
Staff costs including directors' emoluments	74,319	57,185
Write off of inventories (included in cost of inventories sold)	982	–

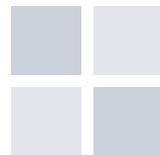
## 8. DIVIDEND

The Board of Directors of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

The final dividend of HK1.6 cents amounting to approximately HK\$10,202,000 for the year ended 31 December 2018 has been approved and paid on 20 June 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

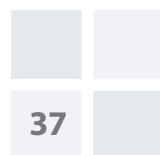
	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>13,667</u>	<u>12,905</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>637,650</u>	637,656
Effect of dilutive potential ordinary shares arising from share options issued by the Company ( <i>Note</i> )	<u>n/a</u>	<u>n/a</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>n/a</u>	<u>n/a</u>

*Note:*

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2019 and 2018.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$16,459,000 (six months ended 30 June 2018: HK\$11,234,000).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 11. TRADE RECEIVABLES

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0 to 30 days	40,401	49,235
31 to 60 days	26,610	25,258
61 to 90 days	19,486	20,005
Over 90 days	13,197	15,455
	<b>99,694</b>	<b>109,953</b>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Deposits for purchases of goods	17,409	19,161
Deposits for purchases of property, plant and equipment	12,032	13,043
Government subsidy receivable	1,535	–
Prepaid expenses	5,672	4,432
Rental and other deposits	3,971	4,168
Upfront license fee	1,777	–
Other receivables	12,213	6,305
	<b>54,609</b>	<b>47,109</b>

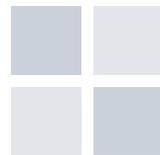
## 13. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0 to 30 days	38,608	25,821
31 to 60 days	3,431	6,303
Over 60 days	1,559	8,690
	<b>43,598</b>	<b>40,814</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 14. OTHER PAYABLES AND ACCRUALS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Accrued staff costs	17,012	17,941
Other accrued expenses	6,123	6,405
Other payables	6,224	3,156
Receipts in advance	2,323	3,896
	31,682	31,398

## 15. SHARE CAPITAL

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
<b>Authorised:</b> 10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
<b>Issued and fully paid:</b> 637,650,000 (31 December 2018: 637,650,000) ordinary shares at HK\$0.01 each	6,377	6,377

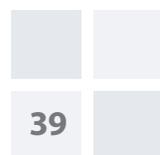
## 16. SHARE OPTIONS

### Pre-IPO share option scheme adopted on 17 June 2016

A pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was approved and adopted on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026.

Each option granted under the Pre-IPO Share Option Scheme is subject to the following vesting schedule:

Tranche	Vesting Date	Percentage of an option vested
First	First anniversary of 13 July 2016 (the "Listing Date")	25%
Second	Second anniversary of the Listing Date	25%
Third	Third anniversary of the Listing Date	25%
Fourth	Fourth anniversary of the Listing Date	25%



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 16. SHARE OPTIONS (CONTINUED)

### Pre-IPO share option scheme adopted on 17 June 2016 (continued)

Each vested tranche of an option is exercisable during a period from and including the vesting date of the relevant tranche to and including the business day immediately preceding the tenth anniversary of the date of grant of the option.

The subscription price per share shall be HK\$0.80. On 17 June 2016, 19,684,000 options were granted. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

Details of each tranche of options are as follows:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$
First	17 June 2016	17 June 2016 to 13 July 2017	13 July 2017 to 16 June 2026	0.80
Second	17 June 2016	17 June 2016 to 13 July 2018	13 July 2018 to 16 June 2026	0.80
Third	17 June 2016	17 June 2016 to 13 July 2019	13 July 2019 to 16 June 2026	0.80
Fourth	17 June 2016	17 June 2016 to 13 July 2020	13 July 2020 to 16 June 2026	0.80

If the options remain unexercised after a period of ten years from the date of grant, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning and end of the period	<u>16,788,000</u>	0.80
Exercisable at the end of the period	<u>8,394,000</u>	0.80

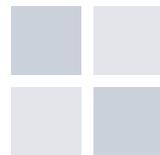
### Share option scheme adopted on 24 June 2016

A share option scheme (the "Share Option Scheme") was approved and adopted on 24 June 2016. Pursuant to the Share Option Scheme, the Board of Directors may, as its discretion, grant share options to any executive, director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or partner of the Group. The Share Option Scheme will expire on 23 June 2026.

The subscription price per share shall be determined by the Board of Directors and notified to the grantee at the time of offer of the option.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



## 16. SHARE OPTIONS (CONTINUED)

### Share option scheme adopted on 24 June 2016 (continued)

On 28 May 2018, the Group granted 14,300,000 share options with exercise price of HK\$0.80 per share to certain directors and employees. 25% of the options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively and will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026.

The estimated fair value was measured at the date of grant of the options on 28 May 2018 was approximately HK\$2,654,000.

On 25 March 2019, the Group further granted 4,600,000 share options with exercise price of HK\$0.80 per share to certain employees and consultant. 25% of the options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively and will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026.

The estimated fair value was measured at the date of grant of the options on 25 March 2019 was approximately HK\$982,000.

The fair value was calculated using the binomial option pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$0.74
Weighted average exercise price	HK\$0.80
Expected volatility ( <i>Note 1</i> )	33.90%
Risk free rate	2.03%
Expected dividend yield ( <i>Note 2</i> )	2.14%

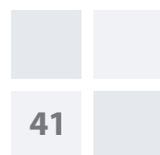
Notes:

1. Expected volatility was determined by calculating the historical volatility of the Company's share price.
2. Expected dividend yield was based on the historical dividend yield of the Company.

If the options remain unexercised after a period of ten years from the date of grant, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	12,500,000	0.80
Granted during the period	<u>4,600,000</u>	0.80
Outstanding at the end of the period	<u>17,100,000</u>	0.80
Exercisable at the end of the period	<u>3,125,000</u>	0.80



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 17. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties during the period:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Purchases of goods from a related company	134	199
Catering service fee paid to a related company	520	538
Rental paid to related companies	5,144	4,069
Metal supplies and processing service fee to a related company	2,633	2,606
	<u>          </u>	<u>          </u>

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
	Right-of-use assets from related companies	18,373
Lease liabilities to related companies	18,653	–
Other payables to related companies	1,379	1,432
Other receivables from a related company	84	76
	<u>          </u>	<u>          </u>

Note:

Mr. Choi Man Shing, an executive director of the Company has beneficial interest in these related companies.

## 18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2019 (31 December 2018: Nil).

## 19. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of reporting period but not yet incurred are as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
	Property, plant and equipment	11,949
	<u>          </u>	<u>          </u>

## 20. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 23 August 2019.