



Vincent Medical Announces 2017 Interim Results Delivers Innovative Products and Builds Strong Product Pipeline for Future Growth

(Hong Kong, 25 August 2017) -- **Vincent Medical Holdings Limited** (“**Vincent Medical**” or together with its subsidiaries, the “**Group**”, stock code: 1612), the second largest¹ exporter of respiratory and anaesthesia disposables in China and a Hong Kong-headquartered medical device group, has announced its interim results for the six months ended 30 June 2017 (the “**Period**”).

Financial Review

During the Period, Original Brand Manufacturing (“**OBM**”) business recorded continuous growth, but partly offset by the decrease in Original Equipment Manufacturing (“**OEM**”) business revenue. Total turnover of the Group was down by 13.7% to HK\$205.4 million and gross profit decreased by 9.0% to HK\$70.9 million. Nonetheless, thanks to strong and focused execution of business strategy, the Group’s gross profit margin improved by 1.8 percentage points to 34.5%. The Group continued to invest for the future and increased the headcount of its production, quality assurance and sales and marketing teams during the Period. Adjusted profit attributable to owners of the Company² amounted to HK\$14.8 million (for the period ended 30 June 2016: HK\$29.4 million), this was due mainly to higher administrative expenses and decrease in turnover during the Period.

As at 30 June 2017, the Group maintained a stable financial position with bank and cash balances amounting to HK\$172.5 million (31 December 2016: HK\$222.2 million).

Business Review

OEM Business – Remains the key revenue contributor of the Group

OEM business remains the major business segment of the Group. Turnover decreased by 17.8% to HK\$170.1 million and accounted for 82.8% of the Group’s total turnover, this was due to the drop in orders from two of the Group’s major customers. One of its respiratory products OEM customers has undergone operational restructuring following a series of acquisitions, therefore, orders from this customer were reduced.

¹ According to the commissioned report prepared by China Insights Consulting Limited (“**CIC Report**”) based on export value in 2015

² Underlying Net Profit for 1H2017 represents reported net profit attributable to owners of the Company as set out in the Interim Condensed Consolidated Statement of Profit or Loss before deducting the share-based compensation expenses relating to the pre-IPO share options of HK\$2.4 million.

OBM Business – Continuous sales growth and good progress in product development

The Group has continued to focus on its core strategies of expanding the product offering and strengthening product R&D capabilities, good progress where made as the Group has completed the development of certain products (e.g. the new humidification system, the embedded heater wire circuits and the bubble CPAP system) and these products are now ready for launch.

During the Period, turnover from OBM business increased by 13.7% to HK\$35.3 million and accounted for 17.2% of the Group's total turnover, mainly attributable to the enhanced sales and marketing efforts in European, East Asian countries and the PRC.

Turnover from the OBM orthopaedic and rehabilitation product segment boasted an impressive growth of 81.6%, thanks to the higher sales of adjustable rehabilitation braces and additional contribution from the new infant CPAP bonnet, nasal prongs and masks products. However, with need of product optimisation and the change of distributors in the USA, sale of the robotic hand training device "Hand of Hope" decreased and affected the turnover contribution of this segment.

Good progress in expanding product portfolio

The Group has continued to focus on its core strategies of expanding the product offering and strengthening product R&D capabilities, good progress was made as the Group has completed the development of certain products (e.g. the new humidification system, the embedded heater wire circuits and the neonatal bubble CPAP system) and these products are now ready for launch.

To enrich product portfolio, the Group has kept exploring collaboration opportunities that can bring synergies to its business. During the Period, the Group invested in Inovytec, an Israeli private company which focuses on developing medical devices for airway management, oxygen therapy and defibrillation. The Group is also the exclusive manufacturer and distributor for Inovytec's products in the PRC, Hong Kong, Macau and Taiwan markets. Inovytec's first product, the LUBO, a non-invasive upper airway opening device combined with a cervical collar, is now selling in the PRC market through the Group. Inovytec's second device, the SALI, an automated oxy-defibrillator, obtained CE certification in June 2017 and will be deployed in Germany in the last quarter of 2017. The Group is working closely with Inovytec for the preparation of manufacturing the SALI device in its production facilities.

Prospects

For OBM business, the Group expects to launch the new humidification system, the embedded heater wire circuits and the bubble CPAP system in the second half of 2017 and a number of other new products in 2018. The Group will also expand into the arenas of ventilation, paediatric medical device and devices for treatment of sleep apnea and related disposable products.

For OEM business, the Group expects the recovery of orders from some important customers, which started in the second quarter, to continue in the second half of 2017. In addition, the Group will strive to keep improving operational efficiency and the competitiveness of its OEM Business, and at the same time remain vigilant on financial control.

Mr. Vincent Choi, Founder, Chairman and Executive Director of the Group, said, “We will continue to expand our OBM business which will give us a strong product pipeline, and also explore potential acquisitions, partnerships and licensing opportunities that can enhance our competitiveness in certain selected new and potential rich markets. In the long term, we will deliver innovative products to the market in a good pace and strive to achieve sustainable growth and bolster shareholder value.”

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About Vincent Medical Holdings Limited (永勝醫療控股有限公司) (Stock code: 1612)

Established in 1997, Vincent Medical Holdings Limited is a Hong Kong-headquartered medical device manufacturing group. The Group develops, manufactures and sells a wide range of medical devices, focusing on respiratory products, imaging contrast media power injector disposable products, and orthopaedic and rehabilitation products, which satisfy internationally-recognised quality assurance standards, to its customers in the PRC and overseas markets. The Group has established its OEM business since its inception and its OBM business in 2003 with its “Inspired Medical” (「英仕醫療」) brand. According to the CIC Report, Vincent Medical was the second largest exporter of respiratory and anaesthesia disposables in the PRC based on export value in 2015. The Group has developed a domestic and overseas distributorship network for its OBM business, which currently has over 392 distributors and other customers in the PRC, and approximately 48 overseas distributors and other customers in various countries such as Australia, Japan, Korea, Indonesia, India, Chile, Brazil and Saudi Arabia. For more information about Vincent Medical, please visit: <http://www.vincentmedical.com/>

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