



【For Immediate Release】

23 August 2018



Vincent Medical Holdings Limited

永勝醫療控股有限公司

Stock Code : 1612. HK

Announces 2018 Interim Results

Revenue Grew by 10.6% YoY to HK\$227.1 Million
OBM Revenue Surged by 22.1% YoY Along with a Strong Product Pipeline
Net Profit Increased by 4.4% YoY to HK\$12.9 Million

Financial Highlights

HKD million

For the six months ended 30 June	2018	2017	Change
Revenue	227.1	205.4	+10.6%
Gross profit	72.8	70.9	+2.7%
Gross profit margin	32.1%	34.5%	-2.4 p.p.
Profit attributable to owners of the Company	12.9	12.4	+4.4%
Basic earnings per share (HK cents)	2.02	1.94	+4.1%

(Hong Kong, 23 August 2018) – **Vincent Medical Holdings Limited** (“Vincent Medical” or together with its subsidiaries, the “Group”, stock code: 1612) announces its interim results for the period ended 30 June 2018 (“1H2018” or the “Period”) together with the comparative figures for the period ended 30 June 2017 (“1H2017”).

Driven by the increase in orders from its existing OEM customers, new products roll out for its OBM segment, as well as an increase in marketing efforts, the Group recorded a year-on-year (“YoY”) increase of 10.6% in its total revenue, from HK\$205.4 million to approximately HK\$227.1 million. However, due to the aggregate effect from the appreciation of RMB against USD, the rise in labor costs and the increase in raw materials prices, gross profit grew modestly by 2.7% YoY to HK\$72.8



million (1H2017: HK\$70.9 million), whereas gross profit margin recorded a decrease of 2.4 p.p. to 32.1% (1H2017: 34.5%). Despite the drag on gross profit margin, profit attributable to owners of the Company was up by 4.4% to HK\$12.9 million (1H2017: HK\$12.4 million). Basic earnings per share was HK\$2.02 cents (1H2017: HK\$1.94 cents) for the Period. The Board of Directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (1H2017: nil).

OEM segment – sales recovery with expanding product coverage

By contribution to revenue, the Group's OEM segment remained as the major business segment and accounted for approximately 81.0% of total revenue (1H2017: 82.8%). The segment recorded an increase in revenue of 8.2% YoY, from approximately HK\$170.1 million in 1H2017 to HK\$184.0 million in 1H2018, attributable to higher sales volume from existing imaging disposable and orthopaedic products and an increase in new product sales, as the Group continued to broaden its product spectrum on categories such as plastic disposable products, filters and surgical tools.

The US remained as the core market and accounted for 79.1% (1H2017: 86.0%) of OEM revenue during the Period, while the Group oversaw a strong revenue growth in both European (+47.1% YoY) and Australian (+126.5% YoY) markets. The Group expects the North America market will continue to account for a major part of its OEM revenue in the future, but will continue to expand its presence in other overseas markets.

OBM segment – consecutive double-digit sales growth with strong performance in the PRC market

The Group has continued its growth momentum in its OBM segment in 1H2018, enjoying a robust growth of 22.1% YoY to HK\$43.1 million (1H2017: HK\$35.3 million), representing 19.0% of total revenue. The growth was primarily attributable to new product launch in the respiratory product segment and the continued enhancement of marketing efforts to gradually establish a long-term stable sales channel. The PRC market continued to be the major market for its OBM segment with sales grew by 27.1% to HK\$23.9 million in 1H2018 (1H2017: HK\$18.8 million). Sales to international markets also recorded an overall growth of 16.4% to HK\$19.2 million (1H2017: HK\$16.5 million) despite a 14.7% drop in the sales to Europe, this was mainly attributable to the 55.4% increase in sales to Korea and Japan and the 59.2% increase in the sales to the US.



Strong pipeline for the “Inspired Medical” brand through investment and collaboration

During the Period, the Group’s Inspired Bubble CPAP system has been granted the CE (Conformité Européenne) marking certificate and we have completed the development of the high flow oxygen therapy machine.

Bubble CPAP system is a non-invasive positive airway pressure system that is particularly popular in countries where resources for neonatal ventilators are limited thus allowing hospitals to use bubble CPAP system on neonate, infant and paediatric patients where breathing support is required. Major markets for bubble CPAP will be in the less developed Asia Pacific countries, India, Africa, Latin America and selected markets in Europe and the US.

During the Period, the development of the high flow oxygen therapy machine was completed. Non-invasive ventilation like high flow oxygen therapy is becoming an integral tool for the treatment of both acute and chronic respiratory failure in both home setting and critical care unit. As such, we expect strong market interest of our high flow oxygen therapy machines when it is ready for market towards the end of 2018.

Outlook

The Group sees upcoming challenges over the rest of 2018, as uncertainties begin to mount due to the emerging trade war. Despite the above, the Group still expects and foresees ample growth opportunities in the medical device industry for the longer term, driven primarily by the increasing per capita spending on healthcare globally, the expanding coverage of insurance reimbursement on medical devices, and market consolidation.

Mr. Vincent Choi, Chairman of Vincent Medical said, “Despite the fact that potential impact of trade wars remains unclear and we are yet to visualize the entire picture, the Group will remain vigilant and closely monitor the market dynamics and continue our seamless dialogue with our OEM customers, in order to swiftly response to any changes in policies and market conditions. We will also continue with our effort in cost rationalization across all functions and projects, as well as to develop new markets in order to reduce the reliance on the US market in the medium to long term.”

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About Vincent Medical Holdings Limited (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 developed a domestic and overseas distributorship network for its OBM business segment, which currently has about 400 distributors and other customers in the PRC, and over 70 overseas distributors and other customers in various countries such as Australia, Japan, Korea, Indonesia, India, Chile, Brazil and Saudi Arabia.

This press release is issued by DLK Advisory Limited on behalf of **Vincent Medical Holdings Limited**.

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