

**[For Immediate Release]**


## Vincent Medical Announces its First Annual Results after Listing

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### Sustains the Organic Growth Momentum of OEM and OBM Businesses Strong Product Pipeline to Fuel Future Growth

#### Financial Highlights *(For the twelve months ended 31 December)*

HK\$ million	FY2016	FY2015	% Change
Turnover	<b>467.3</b>	448.2	+4.3%
<i>OEM Business</i>	<b>400.6</b>	391.1	+2.4%
<i>OBM Business</i>	<b>66.7</b>	57.1	+16.8%
Gross Profit	<b>145.8</b>	139.8	+ 4.3%
Adjusted Profit Attributable to Owners of the Company <sup>2</sup>	<b>55.5</b>	52.6	+ 5.5%
Proposed Final Dividend (HK cent)	<b>1.50</b>	N/A	N/A

(Hong Kong, 23 March 2017) -- **Vincent Medical Holdings Limited** ("Vincent Medical" or together with its subsidiaries, the "Group"; stock code: 1612), the second largest<sup>1</sup> exporter of respiratory and anaesthesia disposables in the PRC and a Hong Kong-headquartered medical device group, has announced its first audited annual results for the year ended 31 December 2016 (the "Year") since its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 13 July 2016.

The Group recorded a turnover of HK\$467.3 million, representing a growth of 4.3%, attributable from the increase in sales of OEM imaging disposable products and the OBM products. Gross profit rose by 4.3% to HK\$145.8 million, while gross profit margin was maintained at 31.2%. Adjusted profit attributable to owners of the Company<sup>2</sup> increased by 5.5% to HK\$55.5 million and adjusted basic earnings per share<sup>2</sup> were 10.01 HK cents.

As at 31 December 2016, the Group was in a sound financial position with bank and cash balances amounting to HK\$222.2 million (31 December 2015: HK\$69.3 million). To reward shareholders for their continuous support, the Board recommended a final dividend of 1.50 HK cents per share, representing a healthy dividend payout of 32.7%.

<sup>1</sup> According to the commissioned report prepared by China Insights Consulting Limited ("CIC Report") based on export value in 2015

<sup>2</sup> Adjusted net profit for 2016 excludes the one-off listing-related expenses, the share-based compensation expenses relating to the pre-IPO share options and the one-off cost incurred related to the sterilisation incident; adjusted net profit for 2015 excludes the effect of reversal of over-provision of Hong Kong Profits Tax and the one-off listing-related expenses

**Mr. Vincent Choi, Founder, Chairman and Executive Director of the Group**, said, “Despite certain one-off expenses relating to the Listing and the revalidation of the sterilisation process for certain products lines having an impact on the Group’s profit, the Group delivered an overall healthy operating performance in 2016. During the year, we continued to invest for the future and focus on our core strategies of building a broader product portfolio and paving the way for medium to long-term growth.”

## **Business Review**

### ***OEM Business – A major business segment of the Group with a solid customer base***

The Group’s solid OEM business foundation continued to be its key revenue contributor. Turnover increased by 2.4% to HK\$400.6 million, accounting for 85.7% of total turnover, attributable to higher market demand for imaging disposable products.

During the Year, some orders of respiratory products from OEM customers were on the conservative side as they undertook operational restructuring. The slowdown in orders was compensated for by the increase in demand from customers of imaging disposable products. Besides, the in-house sterilisation for two product lines of a customer resumed after a comprehensive and rigorous review of the sterilisation process by an independent third party sterilisation consultant and subsequent validation by the customer of the rectification. The Group sees signs of recovery of business from this customer.

### ***OBM Business – Enriching product portfolio, expanding sales and distribution network, and investing in and collaborating with partners to fuel growth***

Turnover from the OBM Business increased by 16.8% to HK\$66.7 million, attributable to the reinforced marketing efforts resulting in an increase in demand for the Group’s OBM products. In 2016, the OBM products were sold to 392 (2015: 355) and 48 (2015: 40) distributors in the PRC and overseas respectively.

The Group has been enriching the product portfolio to accelerate the growth of the OBM business. During the year, the “Hand of Hope,” an electromyograph-driven exoskeleton robotic hand training device for stroke patients developed by Rehab-Robotics Company Limited (“RRCL”) received the CE certificate. This product was not only integrated into the Group’s existing orthopedic and rehabilitation product portfolio to better utilise resources, the manufacturing also was shifted to the Group’s production facilities in Dongguan to achieve significant cost savings.

The Group has also made strategic investments and collaborated with various technology companies to diversify product offerings as well as better utilise its production and product commercialisation expertise in the PRC. During the year, the Group entered into a manufacturing and exclusive distribution agreement with Ventec Life Systems., Inc., a technology company based in the USA focusing on the development of life-support ventilator, and signed a preference share subscription agreement with Retraction Limited, a Hong Kong-based surgical tool developer. The Group also strategically collaborated with external research partners aiming to co-develop new products for the market. The home use ultrasonic nebuliser co-developed with the Guangzhou Institute of Respiratory Disease (廣州呼吸疾病研究所), the home care continuous positive airway pressure equipment co-developed with Ventific Holding Pty Ltd and the infant bubble CPAP equipment co-developed with 12th Man Technologies Inc are expected to be launched in 2017. These partnerships are solid testimony to the Group’s ability to collaborate with leading-edge medical device developers as well as expand its OBM product portfolio by building a strong product pipeline.

## **Prospects**

There are plenty of growth opportunities and solid potentials for the medical device industry in view of the expected increasing of healthcare expenditure by governments around the world, aging populations and people demanding better healthcare treatment.

For the **OEM business**, the Group will continue to bolster the competitiveness of this business and open new revenue streams by offering new products such as peak flow meters and circuit systems for ventilators.

Turning to the **OBM business**, the Group continues to expand its OBM product portfolio and pipeline products. To tap the potentially high demand in the rehabilitative home care market, the “Hand of Hope” rental service has been officially launched in Hong Kong in January 2017. The Group has also obtained licences from a university-affiliated entity in Hong Kong to co-develop a robotic ankle, knee and hip training equipment for recovering stroke patients to expand the Group’s robotic rehabilitation product line. The Group is positive about the prospects of RRCL and strengthening its position in the market of robotic rehabilitation products.

The Group also continues to expand its OBM product portfolio by evaluating the investment opportunities in respiratory devices, rehabilitation products, and equipment embedded with new and innovative technologies and electronic components. To this end, in January 2017, the Group has strategically invested in Inovytec Medical Solutions Ltd, an Israeli private company which focuses on developing medical devices for airway management, oxygen therapy and defibrillation.

Apart from enhancing the product mix, the Group is building and strengthening its distributorship and sales network. During the Year, the Group has set up a new sales office in Wuhan, one of the largest business centres in the PRC’s central region. The Group is expanding its distribution and sales services in the PRC by opening additional sales offices in first- and second-tier cities in the country.

**Mr. Choi** concluded, “Looking ahead, we will strive to continue generating healthy growth and creating value for our shareholders. While we remain open to new business opportunities, so long as they demonstrate high potential for further growth and solidifying our business foundation, we are fully committed and focused to execute our plan to expand our business by enhancing our OBM product offering and our OEM capability and service.”

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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 392 distributors in the PRC, and approximately 48 overseas distributors 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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