

【For Immediate Release】

23 August 2019



## Vincent Medical Holdings Limited

永勝醫療控股有限公司

Stock Code : 1612. HK

### Announces 2019 Interim Results

**Revenue Grew by 8.5% YoY to HK\$246.5 Million**  
**OBM Revenue Surged by 40.8% YoY Along with a Strong INSPIRED® Product Pipeline**  
**Notable Upside on Both Gross and Net Profit**

#### Financial Highlights

<i>HKD million</i>			
<b>For the six months ended 30 June</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Revenue	<b>246.5</b>	227.1	+8.5%
Gross profit	<b>83.7</b>	72.8	+15.0%
Gross profit margin	<b>34.0%</b>	32.1%	+1.9 p.p.
Profit attributable to owners of the Company	<b>13.7</b>	12.9	+6.2%
Basic earnings per share (HK cents)	<b>2.14</b>	2.02	+5.9%

(Hong Kong, 23 August 2019) – **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 2019 (“1H2019” or the “Period”) together with the comparative figures for the period ended 30 June 2018 (“1H2018”).

The Group delivered a set of encouraging results, with upticks in both sales and profit for the Period. Driven by higher sales from its original equipment manufacturing (“OEM”) business and particularly its original brand manufacturing (“OBM”) business, the Group achieved a year-on-year (“YoY”) increase of 8.5% in its total revenue, from HK\$227.1 million to HK\$246.5 million. Gross profit increased by 15.0% YoY to HK\$83.7 million (1H2018: HK\$72.8 million) and gross profit margin increased by 1.9 percentage



points (“p.p.”) to 34.0% (1H2018: 32.1%), attributable to the strong sales growth from the OBM segment, which has a higher gross profit margin than the OEM segment, together with the depreciation of RMB. Profit attributable to owners of the Company increased by 6.2% YoY to HK\$13.7 million for the Period (1H2018: HK\$12.9 million), with basic earnings per share of the Company reaching HK2.14 cents (1H2018: HK2.02 cents).

### **OBM Segment – Strong growth in the PRC and Japanese Market through Growing Brand Equity and Continuous Product Roll Out**

The Group’s OBM business recorded a robust revenue growth of 40.8% YoY in 1H2019 to HK\$60.7 million (1H2018: HK\$43.1 million), representing 24.6% of the Group’s total revenue, as compared to only 19.0% in the same period last year. Such growth was mainly attributable to the gradual roll out of new products, along with the strategic plans to grow brand recognition and business network.

Regarding gross profit margin, it enjoyed a 2.8 p.p. increase from 36.6% to 39.4% during the Period, attributable to scheduled roll out of 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).

While the PRC market continued to be the major contributor, with sales grew by 34.1% YoY to HK\$32.0 million (1H2018: HK\$23.9 million) and accounted for 52.7% of segment revenue, the Group is delighted with the significant growth in the international market, as it surged by 49.5% YoY to HK\$28.7 million (1H2018: HK\$19.2 million). Specifically, sales to Europe jumped by 92.0% YoY to HK\$9.7 million (1H2018: HK\$5.1 million), attributable to new customer wins and expanding product offerings after receiving the CE (Conformité Européenne) mark approval in 2018. The Group also oversaw a 101.4% YoY growth in Japan, as the Inspired® O<sub>2</sub>FLO Respiratory Unit, Respiratory Humidifier and Air Oxygen Blender have all obtained approval from Japan’s Ministry of Health, Labour and Welfare in the last nine months.

### **OEM Segment – Core Business with Sustainable Contribution**

By contribution to revenue, the Group’s OEM segment remained as the major business segment, and accounted for approximately 75.4% of total revenue in 1H2019 (1H2018: 81.0%). During the Period, the segment has again delivered a set of sustainable results, with revenue increased 1.0% YoY to HK\$185.8 million, as higher revenue contribution from respiratory products and orthopaedic and rehabilitation products was able to more than offset the decrease in revenue from imaging disposable products and other products. Geographically, the US continued to be the key market, representing 81.1%



(1H2018: 79.1%) of OEM revenue and recorded a growth of 3.5%. The Group also oversaw a strong revenue growth in the Japanese market (+29.9%).

### **Product Registration and Strong Product Pipeline as the Backbone of Future Growth**

In March 2019, the Guangdong Provincial Medical Products Administration announced that the Group's high flow oxygen therapy device (VUN-001) was qualified for priority approval for Class II medical device in the PRC. The implementation of priority approval procedures 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 Group has since immediately launched it to the market in June 2019.

### **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.

**Mr. Vincent Choi, Chairman of Vincent Medical** said, "The Group has been making considerable progress in its development of preventative home care device, highlighted by its new high-flow oxygen therapy device and PAP machine for sleep apnea. Looking forward, the Group will continue to pursue 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, and is specifically targeting Japan, one of the largest medical device markets in the world, as one of the key growth areas of the OBM segment. The Group intends to invest additional resources in regulatory affairs and marketing to increase our presence and reach in Japan. We will also continue pay close attention to the latest product development of our investments in med-tech companies, as well as to pursue potential collaborations that allow access to new geographic markets and complementary technologies." **Mr. Choi** concluded.



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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. We develop, manufacture and sell a wide range of medical devices to our customers around the globe, focusing on respiratory care, imaging disposable, and orthopaedic and rehabilitation products which satisfy international quality assurance standards. Our products include a range of electronic medical devices such as high-flow oxygen therapy devices, respiratory humidification systems, sleep ventilators, rehabilitation devices, as well as the related disposables in respiratory care and anesthesiology. With our production base in Dongguan, China, along with the R&D and regulatory divisions in Dongguan Songshan Lake Technology Industrial Park and Hong Kong Science and Technology Park, we are dedicated to bringing innovative, high-quality and reliable medical devices to the market.

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

For enquiries, please contact:



**DLK Advisory 金通策略**

Jonathan Lam ([jonathanlam@dlkadvisory.com](mailto:jonathanlam@dlkadvisory.com))

Max Lau ([maxlau@dlksadvisory.com](mailto:maxlau@dlksadvisory.com))

Kathleen Mui ([kathleenmui@dlksadvisory.com](mailto:kathleenmui@dlksadvisory.com))

Tel: +852 2857 7101

Fax: +852 2857 7103