

【For Immediate Release】

20 March 2020

**Vincent Medical Holdings Limited**

永勝醫療控股有限公司

Stock Code : 1612. HK

Announces 2019 Annual Results**Revenue Grew by 2.9% YoY to HK\$502.2 Million****OBM Revenue Surged by 28.1% YoY Following the Regulatory Approval of Key Devices
Solidified its Market Position in Respiratory Solutions and High Flow Oxygen Therapy
Surging Sales Order for Respiratory Devices amid COVID-19 Pandemic****Financial Highlights****HKD million**

For the year ended 31 December	2019	2018	Change
Revenue	502.2	488.0	+2.9%
Gross profit	162.0	155.6	+4.1%
Profit attributable to Owners of the Company	11.5	30.9	-62.8%
Basic earnings per share (HK cents)	1.81	4.85	-62.7%
Final dividend (HK cents)	1.10	1.60	-31.3%

(Hong Kong, 20 March 2020) – **Vincent Medical Holdings Limited** (“Vincent Medical” or together with its subsidiaries, the “Group”, stock code: 1612) has announced its annual results for the year ended 31 December 2019 (the “Year”). Driven by higher sales from the Original Brand Manufacturing (“OBM”) segment, the Group’s total revenue increased by 2.9% to HK\$502.2 million (2018: HK\$488.0 million). As a result of the increase in OBM revenue along with the depreciation of Renminbi (“RMB”), gross profit rose by 4.1% to HK\$162.0 million (2018: HK\$155.6 million) and gross profit margin increased by 0.4 percentage points from 31.9% to 32.3%. Yet, profit attributable to owners of the Company



decreased by 62.7% to HK\$11.5 million (2018: HK\$30.9 million), mainly due to the absence of one-off write back of other payables, the recognition of impairment of investment and goodwill, and the increase in selling, distribution and administrative expenses. Basic earnings per share was HK\$1.81 cents (2018: HK\$4.85 cents) for the Year. To reward shareholders for their continuous support, the Board recommended the payment of a final dividend of HK1.1 cents per share (2018: HK1.6 cents).

OEM Business

Revenue from the Original Equipment Manufacturing (“OEM”) segment was amounted to HK\$376.4 million (2018: HK\$389.8 million), representing a decrease of 3.4% and accounting for 74.9% of the Group’s total revenue (2018: 79.9%). The decrease was primarily due to the temporary shortage of certain incoming raw materials caused by quality issues of suppliers, which affected the production of imaging disposable products in the second half of 2019. However, higher revenue contribution from respiratory products and orthopaedic and rehabilitation products was able to partially offset this impact. Despite the lower production volume of imaging disposable products, segment gross profit margin remained stable at 30.1% (2018: 30.4%).

OBM Business

In 2019, the Group continued with its long-term strategy to grow its OBM business, gradually transforming into a comprehensive respiratory medical device provider for both disposables and equipment. The regulatory approval of our key devices during the year, including Hypnus™ PAP (positive airway pressure) 8 Series ventilators, O₂FLO Respiratory Unit and O₂B Electronic Oxygen Blender, represents a strong testament to the Group’s research and development (“R&D”) capability. As a result of the satisfactory product development, the OBM segment continued its robust performance during the year, recording a 28.1% growth in revenue to HK\$125.8 million (2018: HK\$98.2 million). This was boosted by the additional revenue contributions from new devices mainly launched during the previous two years, which was accounted for 28.3% of segment revenue for the year (2018: 17.0%). Segment gross profit margin increased from 37.8% to 38.7%, mainly attributable to product mix enhancement with higher sales from electronic device which has partially compensate for the decrease in profit margins of disposables in the PRC market.

Outlook

In 2020, the Group will strive to resume revenue and profit growth of the OEM segment, as the raw material supply related to imaging disposable products is expected to normalize in the second quarter of 2020, and additional orders from existing customers has gradually run in. For the OBM segment, the Group expects the robust growth momentum to continue through to 2020 and onwards, supported by



new products roll-out and the gradual expansion of markets of existing products.

The recent outbreak of the novel coronavirus (“COVID-19”) has created both challenges and opportunities for the Group. As a medical device provider specialized in the respiratory area, the Group is committed to supporting the fight against the virus, and was able to respond quickly by resuming and ramping up its production, despite being affected by the disruption of raw material supply chain as well as the labour shortage accompanied with the outbreak and Chinese New Year holiday. Being identified by certain world-leading medical device companies as a supplier of compatible humidification system and disposables that is used together with their respective hospital ventilators, the Group’s O₂FLO respiratory unit and humidification products are being used on patients diagnosed with COVID-19. The Group is seeing an increase in sales order for its respiratory solutions globally, and such trend is expected to continue.

Mr. Vincent Choi, Chairman of Vincent Medical, commented, “2019 was a remarkable year for the Group as our products are gaining increasing traction in multiple regions, which has led to a satisfactory growth in the OBM segment. Such achievement also reaffirmed our long-term strategy of transforming into a comprehensive respiratory medical device provider, through continuous dedication and commitment in R&D and marketing. On the recent outbreak of the COVID-19, the Group will continue to fulfill its responsibility as a manufacturer of essential medical device, by satisfying the rapidly increasing sales orders of respiratory units and humidification products, in order to ensure that those who are in need will have access to the appropriate products, eventually creating values for all stakeholders.”

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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**.

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