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Vincent Medical Holdings Limited

永勝醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1612)

CONTINUING CONNECTED TRANSACTIONS: MEDICAL TROLLEY PURCHASE AGREEMENT

MEDICAL TROLLEY PURCHASE AGREEMENT

The Board is pleased to announce that on 30 June 2021 (after trading hours), VMDG, an indirect wholly-owned subsidiary of Company, as purchaser, and VRDG, as supplier, entered into the Medical Trolley Purchase Agreement, pursuant to which VRDG has agreed to provide medical trolley, being the accessories of some of the Group's respiratory devices, to the Group from 30 June 2021 to 31 December 2023.

LISTING RULES IMPLICATION

VRDG is an indirect wholly-owned subsidiary of VRI, the Controlling Shareholder of the Company. Accordingly, VRDG is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Medical Trolley Purchase Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios in respect of the Aggregated Transactions are more than 0.1% and less than 5%, the transactions contemplated under the Medical Trolley Purchase Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Major terms of the Medical Trolley Purchase Agreement are as follows:

Date	30 June 2021
Parties	VMDG as purchaser VRDG as supplier
Effective period	30 June 2021 to 31 December 2023
Scope of services	VRDG shall provide medical trolley to VMDG.
Termination	Either party to the Medical Trolley Purchase Agreement may terminate the agreement by giving the other party not less than three months' notice.
Pricing basis	<p>Pursuant to the Medical Trolley Purchase Agreement, VMDG and VRDG shall, from time to time, during the term of the Medical Trolley Purchase Agreement, enter into separate purchase order(s) in respect of the purchase of medical trolley provided that such purchase order(s) shall always be subject to the Medical Trolley Purchase Agreement.</p> <p>The price and terms of the purchase order(s) in respect of the purchase of medical trolley shall be determined in the ordinary and usual course of business of the Group, on normal commercial terms, negotiated on an arm's length basis and on pricing terms no less favourable to the Group than those available from the Independent Third Parties by reference to at least three comparable quotations obtained from the Independent Third Parties in the market.</p>
Annual cap	For the year ending 31 December 2021: HK\$18,000,000 2022: HK\$20,000,000 2023: HK\$22,000,000

Basis of determination of annual cap

The annual caps payable by the Group has been determined with reference to (i) the historical purchase amount of medical trolley from the Independent Third Parties; (ii) the expected production volume for the Group's respiratory devices which require the medical trolley as accessories; (iii) the expected increase in demand of the Group for medical trolley; and (iv) the expected increase in the unit price of medical trolley due to the expected increase in costs of VRDG.

AGGREGATION OF TRANSACTIONS

Reference is made to the announcement of the Company dated 12 December 2018 in respect of the Plastic and Metal Services Renewal Agreement and the announcement of the Company dated 20 April 2020 in respect of the Electronic Assembly Service Agreement. Given that (i) the Plastic and Metal Services Renewal Agreement and the Electronic Assembly Service Agreement are valid until 31 December 2021; and (ii) VRDG provides certain services to the Group to facilitate the production process of the Group's products under the Plastic and Metal Services Renewal Agreement, the Electronic Assembly Service Agreement and the Medical Trolley Purchase Agreement, the transactions contemplated under the Medical Trolley Purchase Agreement are required to be aggregated with the transactions contemplated under the Plastic and Metal Services Renewal Agreement and the Electronic Assembly Service Agreement pursuant to Rule 14A.81 of the Listing Rules.

The following table summarised the annual caps under the Medical Trolley Purchase Agreement, the Electronic Assembly Service Agreement and the Plastic and Metal Services Renewal Agreement:

Agreement	Parties	Term	Services to be provided/Products to be supplied	Annual caps for		
				the year ending 31 December		
				2021	2022	2023
				HK\$'000	HK\$'000	HK\$'000
Medical Trolley Purchase Agreement	VMDG as purchaser and VRDG as supplier	30 June 2021 to 31 December 2023	Supply of medical trolley	18,000	20,000	22,000
Electronic Assembly Service Agreement	VMDG as purchaser and VRDG as supplier	20 April 2020 to 31 December 2021	Provision of assembly service in relation to certain electronic medical devices (such as humidifier and high flow oxygen therapy device)	10,000	N/A	N/A
Plastic and Metal Services Renewal Agreement	VMDG as purchaser and VRDG as supplier	1 January 2019 to 31 December 2021	Supply of certain plastic and metal components and provision of painting, embossing, repairing and moulding services	9,600	N/A	N/A
				37,600	20,000	22,000

For further details on the Plastic and Metal Service Renewal Agreement and Electronic Assembly Service Agreement, please refer to the announcements of the Company dated 12 December 2018 and 20 April 2020, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MEDICAL TROLLEY PURCHASE AGREEMENT

The Group has been outsourcing the production of medical trolley, which is an accessory of certain respiratory devices offered by the Group, to various independent suppliers. In order to ensure the quality consistency and manufacturing efficiencies of the medical trolley, the Group has been actively seeking for new suppliers that can deliver a consistent level of product quality and support the continuous improvement in the design of the medical trolley and after thorough examination and testing, VRDG has the relevant qualifications and expertise to manufacture the medical trolley and offers a competitive pricing without compromise on quality. In addition, the long-term cooperation relationship between the Group and VRDG allows a smooth transition and minimises the potential disruption to the supply of medical trolley.

The Directors (including the independent non-executive Directors) are of the view that the Medical Trolley Purchase Agreement has been entered into in the ordinary and usual course of business of the Group and is on normal commercial terms and on pricing terms no less favourable to the Company than those provided to the Independent Third Parties, and the terms and conditions therein as well as the annual caps for the Medical Trolley Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL

In order to ensure the terms of the Medical Trolley Purchase Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favourable than those offered by the Group to the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions contemplated under the Medical Trolley Purchase Agreement to ensure that the transactions amount will not exceed the annual cap for the Medical Trolley Purchase Agreement;
- (ii) the finance department of the Company will conduct regular random checks to review and assess whether the transactions contemplated under the Medical Trolley Purchase Agreement are conducted on normal commercial terms, in accordance with the terms set out in the Medical Trolley Purchase Agreement and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole;

- (iii) the Company's external auditor will conduct an annual review of the transactions entered into under the Medical Trolley Purchase Agreement to ensure that the transactions amount is within the annual cap and the transactions are in accordance with the terms set out in the Medical Trolley Purchase Agreement; and
- (iv) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Medical Trolley Purchase Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

In view of the pricing policy and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Medical Trolley Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders.

INFORMATION ON THE GROUP AND THE PARTIES TO THE MEDICAL TROLLEY PURCHASE AGREEMENT

The Group is principally engaging in the research, development, manufacture and sale of medical devices focusing on respiratory care, imaging contrast media power injector disposables, orthopaedic and rehabilitation products.

VMDG is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. VMDG is principally engaged in the manufacturing of medical devices.

VRDG is a company established in the PRC and is principally engaged in the manufacturing of electrical appliances and the provision of subcontracting services to the Group. As at the date of this announcement, VRDG is an indirect wholly-owned subsidiary of VRI, which is a Controlling Shareholder of the Company. Accordingly, VRDG is a connected person of the Company.

LISTING RULES IMPLICATIONS

VRDG is an indirect wholly-owned subsidiary of VRI, the Controlling Shareholder of the Company. Accordingly, VRDG is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Medical Trolley Purchase Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios in respect of the Aggregated Transactions are more than 0.1% and less than 5%, the transactions contemplated under the Medical Trolley Purchase Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, VRI is owned as to 57.89% by Mr. Choi and 42.11% by Ms. Liu. Accordingly, Mr. Choi is considered as having a material interest in the transactions contemplated under the Medical Trolley Purchase Agreement. Mr. Choi, being the chairman and executive Director, has abstained from voting on the relevant resolutions of the Board approving the Medical Trolley Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Medical Trolley Purchase Agreement or is required to abstain from voting on the relevant resolutions of the Board.

DEFINITIONS

“Aggregated Transactions”	the transactions contemplated under the Plastic and Metal Services Renewal Agreement, the Electronic Assembly Service Agreement and the Medical Trolley Purchase Agreement
“Board”	the board of Directors
“Company”	Vincent Medical Holdings Limited (永勝醫療控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Mr. Choi, Ms. Liu and VRI, being the controlling shareholders who jointly control their respective interests in the Company within the meaning of the Listing Rules
“Director(s)”	the director(s) of the Company
“Electronic Assembly Service Agreement”	the electronic assembly service agreement dated 20 April 2020 entered into between VMDG as purchaser and VRDG as supplier in relation to the provision of certain electronic assembly service as set out in the announcement of the Company dated 20 April 2020
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	a person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medical Trolley Purchase Agreement”	the medical trolley purchase agreement dated 30 June 2021 entered into between VMDG as purchaser and VRDG as supplier in relation to the supply of medical trolley
“Mr. Choi”	Mr. Choi Man Shing, the chairman and executive Director of the Company and the spouse of Ms. Liu
“Ms. Liu”	Ms. Liu Pui Ching, the spouse of Mr. Choi
“Plastic and Metal Services Renewal Agreement”	the plastic and metal services renewal agreement dated 12 December 2018 entered into between VMDG as purchaser and VRDG as supplier in relation to the renewal of the provision of certain plastic and metal components and painting and embossing services as set out in the announcement of the Company dated 12 December 2018
“PRC”	the People’s Republic of China, excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VMDG”	東莞永勝醫療製品有限公司 (translated as “Vincent Medical (Dongguan) Mfg. Co. Ltd.”), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

“VRDG”	永勝(東莞)電子有限公司 (translated as “Vincent Raya (Dongguan) Electronics Co., Ltd.”), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of VRI
“VRI”	VINCENT RAYA INTERNATIONAL LIMITED, a company incorporated in the British Virgin Islands and being held as to 57.89% by Mr. Choi and 42.11% by Ms. Liu as at the date of this announcement, and one of the Controlling Shareholders
“%”	per cent

By Order of the Board
Vincent Medical Holdings Limited
Choi Man Shing
Chairman and Executive Director

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprises Mr. Choi Man Shing, Mr. To Ki Cheung, Mr. Koh Ming Fai and Mr. Fu Kwok Fu as executive Directors, Mr. Guo Pengcheng as a non-executive Director, and Mr. Mok Kwok Cheung Rupert, Mr. Au Yu Chiu Steven and Prof. Yung Kai Leung as independent non-executive Directors.