

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021, RECOMMENDATION FOR DECLARATION OF FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

HIGHLIGHTS

- ✧ Vincent Medical announced a series of global, multi-year agreements with global med-tech conglomerates that will bring its inspired™ respiratory solutions worldwide.
- ✧ Due to the high base of prior year and the decreasing rate of hospitalisation from COVID-19, revenue for the year ended 31 December 2021 (“2021” or the “Year”) decreased by 32.7% to HK\$777.7 million (2020: HK\$1,155.4 million), in line with management expectation.
- ✧ When compared to pre-pandemic figures in 2019, revenue for the Year grew by 54.9%, with respiratory products segment surged by 101.5%.
- ✧ Steady growth from orthopaedic and rehabilitation products segment (up 25.3%) and imaging disposable products segment (up 7.2%).
- ✧ Gross profit for the Year was HK\$259.1 million, a decrease of HK\$235.1 million or 47.6%.
- ✧ Profit attributable to owners of the Company was HK\$60.7 million, a decrease of 72.0% from HK\$216.9 million of last year. If excluding one-off impairment losses, write off and loss on disposal of a subsidiary, net profit attributable to owners of the Company was HK\$89.6 million.
- ✧ Declared the payment of a final dividend of HK2.5 cents per share for 2021. Together with an interim dividend of HK2.0 cents (for the six months ended 30 June 2020: HK Nil cent) per share, the total dividend for 2021 reaches HK4.5 cents (2020: HK\$11.0 cents) per share.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 (“**2020**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	4	777,720	1,155,383
Cost of sales		<u>(518,616)</u>	<u>(661,146)</u>
Gross profit		259,104	494,237
Other income, other gains and losses	5	(19,954)	(5,005)
Selling and distribution expenses		(37,679)	(54,727)
Administrative expenses		(87,739)	(105,696)
Research and development expenses		<u>(39,245)</u>	<u>(36,577)</u>
Profit from operations		74,487	292,232
Finance costs	7	(2,428)	(3,395)
Share of losses of associates		(4,827)	(3,145)
Share of losses of joint ventures		<u>(1,052)</u>	<u>(1,608)</u>
Profit before tax		66,180	284,084
Income tax expense	8	<u>(6,110)</u>	<u>(36,649)</u>
Profit for the year	9	60,070	247,435
Attributable to:			
Owners of the Company		60,695	216,865
Non-controlling interests		<u>(625)</u>	<u>30,570</u>
		60,070	247,435
Earnings per share	11		
Basic		HK9.28 cents	HK33.84 cents
Diluted		HK9.18 cents	HK33.29 cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>60,070</u>	<u>247,435</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income (“FVTOCI”)	<u>(2,150)</u>	<u>3,235</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	8,867	21,704
Exchange differences reclassified to profit or loss on disposal of a subsidiary	<u>343</u>	<u>–</u>
	<u>9,210</u>	<u>21,704</u>
Other comprehensive income for the year, net of tax	<u>7,060</u>	<u>24,939</u>
Total comprehensive income for the year	<u><u>67,130</u></u>	<u><u>272,374</u></u>
Attributable to:		
Owners of the Company	67,950	238,646
Non-controlling interests	<u>(820)</u>	<u>33,728</u>
	<u><u>67,130</u></u>	<u><u>272,374</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		115,616	111,088
Right-of-use assets		7,464	14,717
Other intangible assets		11,954	28,365
Investments in associates		1,404	9,296
Investments in joint ventures		10,424	11,181
Equity investments at FVTOCI		43,632	45,782
Non-current deposits		14,906	26,160
Deferred tax assets		–	2,014
		<hr/>	<hr/>
Total non-current assets		205,400	248,603
Current assets			
Inventories		243,161	278,683
Trade receivables	12	167,229	161,542
Contract assets		16,519	20,169
Prepayments, deposits and other receivables		40,679	68,802
Bank and cash balances		173,167	169,068
		<hr/>	<hr/>
Total current assets		640,755	698,264
		<hr/>	<hr/>
TOTAL ASSETS		846,155	946,867
EQUITY AND LIABILITIES			
Share capital	14	6,550	6,506
Reserves		591,811	605,051
		<hr/>	<hr/>
Equity attributable to owners of the Company		598,361	611,557
Non-controlling interests		2,072	(6,378)
		<hr/>	<hr/>
Total equity		600,433	605,179
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		4,893	1,190
Deferred tax liabilities		8,021	9,553
Total non-current liabilities		12,914	10,743
Current liabilities			
Trade payables	13	65,266	88,566
Other payables and accruals		89,529	136,061
Lease liabilities		2,814	14,430
Borrowings		55,251	69,071
Current tax liabilities		19,948	22,817
Total current liabilities		232,808	330,945
TOTAL EQUITY AND LIABILITIES		846,155	946,867
Net current assets		407,947	367,319
Total assets less current liabilities		613,347	615,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands under the Companies Act of the Cayman Islands on 19 November 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Flat B2, 7/F., Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in manufacturing, trading and research and development of medical devices.

In the opinion of the Directors, Vincent Raya International Limited, a company incorporated in the British Virgin Islands, is the ultimate parent of the Company. Mr. Choi Man Shing and Ms. Liu Pui Ching are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16: Leases	COVID-19-Related Rent Concessions

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021.

None of the application of these amendments to HKFRSs in the current year had material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by product category, geographical market and timing of revenue recognition.

	OEM		OBM		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
By product category						
Respiratory products	89,952	291,657	337,905	527,360	427,857	819,017
Imaging disposable products	213,790	199,498	–	–	213,790	199,498
Orthopaedic and rehabilitation products	66,952	54,334	12,095	8,729	79,047	63,063
Other products	57,026	73,805	–	–	57,026	73,805
	<u>427,720</u>	<u>619,294</u>	<u>350,000</u>	<u>536,089</u>	<u>777,720</u>	<u>1,155,383</u>
By geographical market						
The United States (the "US")	361,273	516,537	6,606	22,234	367,879	538,771
The People's Republic of China (the "PRC")	–	–	110,461	202,432	110,461	202,432
Japan	10,820	10,055	28,644	18,143	39,464	28,198
Vietnam	–	–	36,853	1,086	36,853	1,086
India	–	–	29,507	71,335	29,507	71,335
The Netherlands	24,952	25,713	1,769	624	26,721	26,337
Thailand	–	–	26,380	973	26,380	973
Turkey	–	–	22,576	34,518	22,576	34,518
Costa Rica	12,577	2,505	–	–	12,577	2,505
South Africa	–	–	8,789	12,756	8,789	12,756
Great Britain	–	–	4,263	24,739	4,263	24,739
Israel	2,231	34,977	1,917	8,173	4,148	43,150
Australia	1,216	13,352	1,785	2,068	3,001	15,420
Saudi Arabia	–	–	–	58,705	–	58,705
Others	14,651	16,155	70,450	78,303	85,101	94,458
	<u>427,720</u>	<u>619,294</u>	<u>350,000</u>	<u>536,089</u>	<u>777,720</u>	<u>1,155,383</u>
By timing of revenue recognition						
Products transferred at a point in time	213,930	419,796	350,000	536,089	563,930	955,885
Products transferred over time	213,790	199,498	–	–	213,790	199,498
	<u>427,720</u>	<u>619,294</u>	<u>350,000</u>	<u>536,089</u>	<u>777,720</u>	<u>1,155,383</u>

The following table provides information about receivables and contract assets from contracts with customers:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Receivables, which included in “trade receivables”	167,229	161,542
Contract assets	<u>16,519</u>	<u>20,169</u>

Contract assets primarily consist of unbilled amount resulting from sales of OEM products transferred over time. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

There were no significant changes in the contract assets balances during the reporting period.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Government subsidies (<i>Note</i>)	3,742	11,691
Interest income – bank deposits	382	117
Interest income – trade and other receivables	–	111
Sundry income	<u>4,003</u>	<u>5,682</u>
	<u>8,127</u>	<u>17,601</u>
Other gains and losses		
Exchange gains/(losses), net	805	(8,738)
Gain on disposal of property, plant and equipment	10	–
Impairment of investment in an associate	(10,729)	(1,806)
Impairment of investment in a joint venture	–	(5,254)
Impairment of other intangible assets	–	(3,400)
Impairment of property, plant and equipment	–	(600)
Impairment of trade receivables	(3,287)	(82)
Loss on disposal of a subsidiary	(2,268)	–
Write off of deposits	(11,697)	–
Write off of other intangible assets	(590)	(1,591)
Write off of property, plant and equipment	<u>(325)</u>	<u>(1,135)</u>
	<u>(28,081)</u>	<u>(22,606)</u>
Total	<u>(19,954)</u>	<u>(5,005)</u>

Note:

Government subsidies mainly related to the subsidies received from the local government authority for the achievements accomplished by the Group.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Group that makes strategic and operating decisions.

Directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. From business model perspective, management assesses the performance of two operating segments, which are original equipment manufacturing (“OEM”) and original brand manufacturing (“OBM”).

- OEM represents the manufacturing of products in accordance with the customer’s specification for sale under the customer’s or third party’s brand.
- OBM comprises research, development, manufacturing, marketing and sales of medical devices under “Inspired Medical”, “inspired™”, “Hand of Hope” and “Hypnus™” brands.

Segment profits or losses do not include interest income, interest expenses, share-based payments, share of losses of associates, share of losses of joint ventures, impairment of investment in an associate, impairment of investment in a joint venture, corporate income and corporate expenses.

Segment assets and liabilities of the Group are not reported to the directors of the Group regularly. As a result, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

Information about reportable segment profit or loss:

	OEM <i>HK\$'000</i>	OBM <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021			
Revenue from external customers	427,720	350,000	777,720
Segment profit	55,830	33,113	88,943
Depreciation and amortisation	16,104	23,959	40,063
Impairment of trade receivables	–	3,287	3,287
Loss on disposal of a subsidiary	–	2,268	2,268
Provision for warranties	–	685	685
Write off of deposits	–	11,697	11,697
Write off of other intangible assets	–	590	590
Write off of property, plant and equipment	178	147	325
	<u> </u>	<u> </u>	<u> </u>

Year ended 31 December 2020

Revenue from external customers	619,294	536,089	1,155,383
Segment profit	164,467	131,567	296,034
Depreciation and amortisation	14,126	22,890	37,016
Impairment of other intangible assets	–	3,400	3,400
Impairment of property, plant and equipment	–	600	600
Impairment of trade receivables	–	82	82
Provision for warranties	–	37,355	37,355
Write off of other intangible assets	–	1,591	1,591
Write off of property, plant and equipment	270	865	1,135
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of reportable segment revenue and profit or loss:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	<u>777,720</u>	<u>1,155,383</u>
Profit or loss		
Total profit or loss of reportable segments	88,943	296,034
Interest income	382	228
Interest expenses	(2,428)	(3,395)
Share-based payments	(1,072)	(928)
Share of losses of associates	(4,827)	(3,145)
Share of losses of joint ventures	(1,052)	(1,608)
Impairment of investment in an associate	(10,729)	(1,806)
Impairment of investment in a joint venture	–	(5,254)
Corporate income	5,681	14,348
Corporate expenses	(8,718)	(10,390)
	<u> </u>	<u> </u>
Consolidated profit before tax	<u>66,180</u>	<u>284,084</u>

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
The US	367,879	538,771
The PRC	110,461	202,432
Japan	39,464	28,198
Vietnam	36,853	1,086
India	29,507	71,335
The Netherlands	26,721	26,337
Thailand	26,380	973
Turkey	22,576	34,518
Costa Rica	12,577	2,505
South Africa	8,789	12,756
Great Britain	4,263	24,739
Israel	4,148	43,150
Australia	3,001	15,420
Saudi Arabia	–	58,705
Others	85,101	94,458
	777,720	1,155,383

	Non-current assets	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	19,857	20,169
The PRC	137,420	156,337
Spain	904	1,484
Japan	3,587	2,114
The US	–	6,550
	161,768	186,654

Revenue from major customers:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
OEM segment		
Customer A	228,122	213,673
Customer B	80,036	106,363

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on lease liabilities	586	1,243
Interest on borrowings	<u>1,842</u>	<u>2,152</u>
	<u><u>2,428</u></u>	<u><u>3,395</u></u>

8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	8,798	18,133
Over-provision in prior years	<u>(1,121)</u>	<u>–</u>
	<u>7,677</u>	<u>18,133</u>
Current tax – the PRC		
Provision for the year	866	15,262
Over-provision in prior years	<u>(3,771)</u>	<u>–</u>
	<u>(2,905)</u>	<u>15,262</u>
Current tax – Others		
Provision for the year	<u>1,822</u>	<u>–</u>
Deferred tax	<u>(484)</u>	<u>3,254</u>
Income tax expense	<u><u>6,110</u></u>	<u><u>36,649</u></u>

Under the two-tiered profits tax regime, the first HK\$2.0 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

Under the Corporate Income Tax Law of the PRC which became effective from 1 January 2008, the standard corporate income tax rate is 25% except Vincent Medical (Dongguan) Mfg. Co. Ltd. (東莞永勝醫療製品有限公司) which is qualified as High and New Tech Enterprise and would be entitled to a reduced corporate income tax rate of 15%. The relevant tax rates of the Company's PRC subsidiaries range from 15% to 25%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. PROFIT FOR THE YEAR

The Group's profit for the Year is stated after charging/(crediting) the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Allowance for inventories (included in cost of inventories sold)	4,964	9,198
Amortisation	5,316	6,416
Auditor's remuneration	2,029	1,957
Cost of inventories sold	518,616	661,146
Depreciation of property, plant and equipment	20,403	17,015
Depreciation of right-of-use assets	14,344	13,585
Equity-settled share-based payments	1,072	928
Gain on disposal of property, plant and equipment (included in other gains and losses)	(10)	–
Impairment of investment in an associate (included in other gains and losses)	10,729	1,806
Impairment of investment in a joint venture (included in other gains and losses)	–	5,254
Impairment of other intangible assets (included in other gains and losses)	–	3,400
Impairment of property, plant and equipment (included in other gains and losses)	–	600
Impairment of trade receivables (included in other gains and losses)	3,287	82
Loss on disposal of a subsidiary	2,268	–
Provision for warranties (included in cost of inventories sold)	685	37,355
Write off of deposits (included in other gains and losses)	11,697	–
Write off of other intangible assets (included in other gains and losses)	590	1,591
Write off of property, plant and equipment (included in other gains and losses)	325	1,135
	<u> </u>	<u> </u>

Cost of inventories sold include staff costs of approximately HK\$135,227,000 (2020: HK\$174,772,000), depreciation of property, plant and equipment of approximately HK\$14,676,000 (2020: HK\$11,693,000), depreciation of right-of-use assets of approximately HK\$8,437,000 (2020: HK\$7,604,000), and amortisation of approximately HK\$1,679,000 (2020: HK\$2,270,000), which are included in the amounts disclosed separately.

10. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
2021 interim dividend of HK2.0 cents (2020: HK Nil cent) per ordinary share	13,128	–
2020 final dividend of HK11.00 cents (2020: 2019 final dividend of HK1.10 cents) per ordinary share	<u>72,120</u>	<u>7,014</u>
	<u><u>85,248</u></u>	<u><u>7,014</u></u>

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2021 of HK2.5 cents per share has been proposed by the Directors and is subject to approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting to be held on 24 May 2022 (the “**AGM**”).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company	<u>60,695</u>	<u>216,865</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	654,333	640,857
Effect of dilutive potential ordinary shares arising from share options issued by the Company	<u>6,790</u>	<u>10,574</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><u>661,123</u></u>	<u><u>651,431</u></u>

12. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	170,710	161,736
Less: allowance for doubtful debts	<u>(3,481)</u>	<u>(194)</u>
	<u>167,229</u>	<u>161,542</u>

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	47,636	64,959
31 to 60 days	41,207	46,363
61 to 90 days	27,732	20,828
Over 90 days	<u>50,654</u>	<u>29,392</u>
	<u>167,229</u>	<u>161,542</u>

13. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	52,162	46,786
31 to 60 days	7,887	22,977
Over 60 days	<u>5,217</u>	<u>18,803</u>
	<u>65,266</u>	<u>88,566</u>

14. SHARE CAPITAL

	Number of Shares '000	Share capital HK\$'000
Authorised		
At 1 January 2020, 31 December 2020 and 31 December 2021	10,000,000	100,000
Issued and fully paid		
At 1 January 2020	637,650	6,377
Shares issued under share option schemes	12,948	129
At 31 December 2020 and 1 January 2021	650,598	6,506
Shares issued under share option schemes (Note (i))	5,812	58
Cancellation of shares (Note (ii))	(1,402)	(14)
At 31 December 2021	655,008	6,550

Notes:

- (i) During the year ended 31 December 2021, 5,812,332 shares were issued under share option scheme at a subscription price of HK\$0.80 per share for a total cash consideration of approximately HK\$4,650,000.
- (ii) During the year ended 31 December 2021, the Company repurchased 1,592,000 ordinary shares at approximately HK\$1,620,000, of which 1,402,000 shares were cancelled before the end of the reporting period. The remaining 190,000 shares were cancelled in January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

RESPIRATORY PRODUCTS SEGMENT

In view of the rollout of global vaccination campaigns, lower hospitalisation rate for new COVID variants, as well as the rationalisation of medical device supply chain in 2021, demand for respiratory devices has returned to a lower level when compared to the panic buying and national stock piling that the Group observed in 2020. Hence, sales from the respiratory products segment declined by 47.8% to HK\$427.9 million (2020: HK\$819.0 million), against a high base in the prior year driven by the extraordinary demand at the initial surge of COVID-19. Nonetheless, sales from the respiratory products segment was 101.5% higher than that of 2019, before the COVID-19 pandemic.

Segment gross margin decreased from 47.9% to 38.3% primarily due to change in product mix and lower production volume.

	Year ended 31 December		Change
	2021 HK\$'000	2020 HK\$'000	
O2FLO	97,942	111,346	-12.0%
O2FLO disposables	45,152	93,478	-51.7%
VHB Humidifier	24,705	93,902	-73.7%
VHB Humidifier disposables	65,617	101,100	-35.1%
Other respiratory products	104,489	127,534	-18.1%
OEM respiratory products	89,952	291,657	-69.2%
Total	427,857	819,017	-47.8%

Embracing its value proposition of putting patients first, the Group is proudly contributing to saving lives every day. In 2021, we continued to focus on our agenda – to innovate and develop core technologies in the space of respiratory care; to create new products with the support of core technologies; and eventually, to promote the products in the global markets. During the Year, the Group continued to expand its device installed base by further broadening its distribution channels.

One of the important milestones that the Group reached in 2021 was to successfully enter into long-term collaboration agreements with some of the world-leading medical and healthcare technology companies. The Group is not only treating these collaborations as merely distribution of products to new markets, but rather as a vote of confidence from global established partners, as well as an opportunity to create more values for patients with its expanding research and development (“**R&D**”) and product development capability through collaborations.

In addition, the Group entered into a global cooperation framework agreement with a subsidiary of Sinopharm Group in December 2021, to carry out comprehensive sales channel expansion mainly in countries under the Belt-and-Road initiative through certain international organisations.

Due to the increasing awareness of high flow oxygen therapy, the Group is also seeing a rising adoption in multiple areas of the hospital or out-of-hospital environment in 2021, such trend is expected to continue after the pandemic. To fully capture such market opportunities, the Group is looking to develop an integrated solution with the feature of continuous monitoring of key physiological parameters. Supported by the core technologies of the Group and its partners, the Group is aspiring to develop device that will further solidify its competitive advantage and market position as a total solution provider in hospital respiratory care.

Other respiratory products

Demand for other respiratory products continued to normalise during the Year, with the lower sales from positive airway pressure device partially being offset by the higher sales of respiratory disposables, leading to an overall decline in revenue of 18.1% to HK\$104.5 million (2020: HK\$127.5 million).

OEM respiratory products

Sales of OEM respiratory products decreased by 69.2% to HK\$90.0 million (2020: HK\$291.7 million), primarily due to the absence of one-time COVID-19 related orders of ventilator disposables in 2020.

IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells its imaging disposable products on an OEM basis to a world-leading diagnostic imaging solutions provider. Revenue from the imaging disposable products segment continued to record a steady growth of 7.2% year-on-year to HK\$213.8 million (2020: HK\$199.5 million), despite the delay of elective surgical procedures and screening tests due to COVID-19. During the Year, the Group continued to leverage its technological know-how in manufacturing to develop new products with its customer and was seeing growing order intake across all product categories, including disposables of fluid delivery systems such as syringes and tubing sets used in computerised tomography scans, magnetic resonance imaging and cardiovascular scans.

Segment gross margin decreased from 31.6% to 28.7%, primarily due to the increase in raw material costs that were yet to pass on to the customer during the Year.

ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

	Year ended 31 December		Change
	2021 HK\$'000	2020 HK\$'000	
OBM orthopaedic and rehabilitation products	12,095	8,729	+38.6%
OEM orthopaedic and rehabilitation products	66,952	54,334	+23.2%
Total	<u>79,047</u>	<u>63,063</u>	+25.3%

Although COVID-19 continued to have a pronounced impact on all aspects of orthopaedic and rehabilitation care, the Group saw a recovery from its orthopaedic and rehabilitation products segment, with revenue increased by 25.3% to HK\$79.0 million (2020: HK\$63.1 million). There was a tremendous increase in the use of tele-rehabilitation during the pandemic, and the Group recognised the huge market potential and patient benefits for rehabilitation devices that allow remote supervision and physical function monitoring. During the Year, the Group began to develop smart orthopaedic wearable braces, while upgrading its existing devices to allow remote monitoring and physical functioning tracking, with the aim to improve patient outcomes and reduce workload of therapists.

Segment gross margin decreased from 34.2% to 31.6% due to the increase in raw material costs that were yet to pass on to customers during the Year.

OTHER PRODUCTS

Other products include infusion regulators, moulds, surgical disposables, patient warming blankets and plastic disposable products. Revenue from other products decreased by 22.8% to HK\$57.0 million (2020: HK\$73.8 million), mainly attributable to lower revenue from molding service.

INVESTMENTS AND COLLABORATION

Inspired Medical Japan Co., Limited, a non-wholly owned subsidiary of the Company in Japan, continued to contribute positively to the Group's profit during the Year. Our team in Japan has successfully expanded our customer base, and grew revenue by 173.5% in local currency terms. We will continue to expand our operation in Japan via establishing a broader market presence in both respiratory and rehabilitation areas.

During the Year, Inovytec Medical Solutions Ltd. (“**Inovytec**”) has introduced new models of ventilators to its Ventway Sparrow® ventilator product line, including the Magnetic Resonance Imaging (MRI) compatible model and the military model. The entire Ventway product line is also cleared by the Food and Drug Administration (FDA) of the US and the Conformité Européenne (CE). Despite the slowdown in demand for ventilators when comparing to the spike in 2020, the Group expects Inovytec will continue its market expansion through the introduction of new devices and solutions, and remains optimistic over its long-term business prospect.

Meanwhile, the Hypnus™ positive airway pressure devices recorded a remarkable sales performance at the beginning of COVID-19 outbreak in the PRC in early 2020, however, sales has then deteriorated as market competition intensified, especially for low-end continuous positive airway pressure (“**CPAP**”) units. In light of the worsening business prospects and financial performance of Guangzhou Hypnus Healthcare Technology Co., Limited (a non-wholly owned subsidiary of the Group that principally engaged in the manufacturing and trading of Hypnus™ branded CPAP equipment, “**GZ Hypnus**”), the Group disposed all of its effective interests in GZ Hypnus during the Year. This provides an opportunity for the Group to cut ongoing losses, and allow the Group to efficiently reallocate its resources.

The financial situation of Fresca Medical, Inc. (“**Fresca**”) has worsened in 2021, as the Somnera™ System was not well received in the US market, and substantial design improvement is needed in order for it to be competitive in the sleep apnea therapeutic device market. There is an ongoing discussion between Fresca’s shareholders and board of directors regarding its business continuity and the possibility of an auction to sell Fresca’s remaining material assets. By considering the above, the Group conducted a comprehensive business review on Fresca, identifying factors that may severely affect its business prospect and the uncertainties regarding the possible auction of assets. Based on the Group’s assessments, a full impairment loss (including investment in Fresca and related rights, receivables and inventories) of HK\$26.9 million was recognised during the Year.

OUTLOOK

Over the course of a quarter-century, the Group has evolved into a fully integrated medical technology company, covering every aspect from research, product development, manufacturing, to sales, marketing, and after-sales support. We are particularly proud of our contributions and business development during the two major global health crises in the last 25 years – SARS in 2003 and COVID-19 in 2020, and has since, becoming one of the most trusted suppliers of respiratory medical devices.

Our established and proven business model guarantees sustainable competences and competitiveness, and has laid a solid foundation for us to reach the next level in terms of growth, sustainability, and value creation.

2022 marks the 25th anniversary of Vincent Medical. To accelerate the execution of our strategic priorities, the Group has appointed Mr. Choi Cheung Tai Raymond as its first deputy Chief Executive Officer, a newly created role as the Group implements the new phase of its development.

The opportunities brought by the collaborations with various industry-leading players promise excitement. While we continue to invest to support our med-tech partners to expand our global reach, we also put a strong emphasis on our vision of “Patient First”, aiming to optimise clinical processes. In 2022, we will raise our engagement effort with academics and medical professionals to expand our breadth and depth in clinical knowledge to support product development, providing clinical opinion as well as performance evaluation of our pipeline products. Looking ahead, we strive to take a dominate position in the respiratory care sector, and will further diversify our product portfolio across respiratory care in intensive care unit, orthopaedic and rehabilitation, and surgical and anesthesia arena.

Riding on our “In China, For China” strategy and favourable policies environment supporting domestic medical device companies, Vincent Medical being at the heart of the Greater Bay Area, our strategic position offers ample opportunities for us to capture. In particular, we see a growing incentive and eagerness from overseas med-tech companies to partner with qualified domestic medical device manufacturers in device development and manufacturing.

Notwithstanding the fluctuation in product demand over the last two years, as well as the continuing challenges in manufacturing and regulations globally, 2022 will continue to be challenging as we expect there will be issues with the pandemic and the rising geopolitical tension affecting the world economy, nonetheless, the long-term outlook of the Group remains promising. The Group will continue to focus on its plans on new product development, market expansion and margin enhancement to deliver sustainable growth in the future and create long-term value of its Shareholders.

FINANCIAL REVIEW

REVENUE

Total revenue for the Year amounted to HK\$777.7 million (2020: HK\$1,155.4 million), representing a decrease of 32.7%. The decline is mainly attributable to the high comparative figures of last year as a result of COVID-19 impact. Nonetheless, the Group’s orthopaedic and rehabilitation products segment has largely recovered to pre-pandemic level, and the imaging disposable products segment has continued its uninterrupted growth.

In terms of geographical market, the Group’s revenue mix became increasingly diversified, with the US and the PRC, the two largest markets for medical devices globally, each accounted for 47.3% (2020: 46.6%) and 14.2% (2020: 17.5%) of the Group’s total revenue, respectively. The Group has also successfully expanded its market reach in Asia, with notable performances coming from Japan, India, Vietnam, Thailand and the Philippines.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit decreased by 47.6% to HK\$259.1 million (2020: HK\$494.2 million), primarily due to the decline in revenue and gross profit margin.

During the Year, there was a global shortage of certain principal raw materials and critical components. This has led to a sharp increase in raw material costs, creating difficulties for the Group to swiftly shift the additional costs to its customers. The appreciation of Renminbi (“RMB”) had also put pressure on the Group’s gross profit margin, as over 80% of the Group’s products produced in the PRC was exported in other currencies. In addition, the change in product mix, with lower sales from higher-margin medical devices, as well as the decrease in total revenue, has led to a general operating deleveraging and increase in unit cost. These three factors contributed to a 2.0 percentage points (“ppts”), 2.8 ppts and 4.1 ppts of gross profit margin drop respectively.

OTHER INCOME, OTHER GAINS AND LOSSES

Net other losses of HK\$20.0 million in 2021 was recorded, primarily due to the impairment loss and the write off of deposits related to Fresca and the loss on disposal of GZ Hypnus, which was partially offset by the other income of HK\$8.1 million mainly from government subsidies.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by 31.1% to HK\$37.7 million (2020: HK\$54.7 million) as a result of lower revenue. As a percentage of revenue, the selling and distribution expenses remained stable at 4.8% (2020: 4.7%).

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 17.0% to HK\$87.7 million (2020: HK\$105.7 million). As a percentage of revenue, administrative expenses increased by 2.2 ppts to 11.3% (2020: 9.1%). The increase is attributable to a combination of the following: the temporary reduction and exemption of social insurance contributions granted in the PRC for 2020 has been cancelled and the decrease in provision for staff bonus.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development has always been an important part of the Group’s business model. During the Year, the Group continued to invest to strengthen its R&D capabilities so as to strengthen its ability to support its customers and facilitate market penetration. R&D expenses increased by 7.1% year-on-year to HK\$39.2 million, accounting for 5.0% of revenue.

INCOME TAX EXPENSE

Income tax expense amounted to HK\$6.1 million (2020: HK\$36.6 million). The decrease was due to the lower profit before tax for the Year and over provision of Hong Kong Profit Tax and the PRC Corporate Income Tax in prior years.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, profit attributable to owners of the Company declined by 72.0% to HK\$60.7 million (2020: HK\$216.9 million).

PROPERTY, PLANT AND EQUIPMENT

The Group incurred capital expenditure of HK\$24.6 million (2020: HK\$54.7 million) during the Year, which mainly included the purchase of additional machineries, tooling and equipment. As at 31 December 2021, property, plant and equipment was HK\$115.6 million (2020: HK\$111.1 million).

As at 31 December 2021, the Group had contracted capital commitments of HK\$9.2 million for the procurement of property, plant and equipment, which was mainly financed with internal resources.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2021, right-of-use assets and lease liabilities amounted to HK\$7.5 million (2020: HK\$14.7 million) and HK\$7.7 million (2020: HK\$15.6 million), respectively. The decrease was primarily attributable to the depreciation of right-of-use assets and lease payments.

OTHER INTANGIBLE ASSETS

As at 31 December 2021, other intangible assets decreased to HK\$12.0 million (2020: HK\$28.4 million) primarily due to the disposal of GZ Hypnus and amortisation.

INVENTORIES

Inventories as at 31 December 2021 was HK\$243.2 million (2020: HK\$278.7 million), consists mainly of raw materials, work-in-progress and finished goods. The Group will continue to apply stringent policy in inventory control in anticipation of supply chain issues.

TRADE RECEIVABLES

Trade receivables as at 31 December 2021 was HK\$167.2 million (2020: HK\$161.5 million). The Group is comfortable with the quality of the receivables, and will continue to exercise due care in managing its credit exposure.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2021, prepayments, deposits and other receivables (including non-current deposits) decreased to HK\$55.6 million (2020: HK\$95.0 million) primarily due to lower deposits for raw material purchase and write off of deposits related to Fresca.

OTHER PAYABLES AND ACCRUALS

As at 31 December 2021, other payables and accruals decreased to HK\$89.5 million (2020: HK\$136.1 million) mainly due to the decrease in provision for warranties and provision for staff bonus.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group continued to maintain a healthy financial position. As at 31 December 2021, the Group had cash and cash equivalents of HK\$173.2 million (2020: HK\$169.1 million). The Group recorded net current assets of HK\$407.9 million (2020: HK\$367.3 million).

As at 31 December 2021, the net gearing ratio of the Group was 0.09 (2020: 0.11), which represents total borrowings divided by the total equity attributable to owners of the Company.

As at 31 December 2021, the Group had outstanding bank loans amounting to HK\$55.3 million (2020: HK\$61.5 million) and unutilised bank facilities of HK\$56.5 million.

HUMAN RESOURCES

As at 31 December 2021, the total number of full-time employees of the Group was 1,281 (2020: 1,853). The remuneration of employees was determined based on their job nature, relevant experience, qualifications, result of operations of the Group and market condition. We offered senior management performance-based bonus and share options to reward and retain a high calibre management team. We also adopted commission and incentive plans to motivate and reward our sales and marketing staff.

During the Year, staff costs including Directors' emoluments amounted to HK\$213.0 million (2020: HK\$244.2 million), representing 27.4% (2020: 21.1%) of the Group's revenue. The increase was mainly due to the upward salary adjustment and the increase in retirement and other benefits as the temporary reduction and exemption of social insurance contributions granted in the PRC for 2020 has been cancelled.

CAPITAL STRUCTURE

As at 31 December 2021, the issued share capital of the Company was approximately HK\$6.6 million (2020: approximately HK\$6.5 million), comprising 655,008,332 shares of the Company (the "Shares") (2020: 650,598,000 Shares) of nominal value of HK\$0.01 per Share. The difference was attributable to (i) the Shares issued under the pre-IPO share option scheme adopted on 17 June 2016 and the share option scheme adopted on 24 June 2016 by the Company; and (ii) the Shares repurchased on the Stock Exchange and were cancelled before the end of the reporting period.

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Company considered that the significant investments were as follows:

Equity investment at FVTOCI

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				2021	2020	2021	2020
Inovytec	An Israeli company that develops medical devices with a focus on routine and emergency respiratory and cardiac failures.	13.68%	US\$3.0 million (equivalent to HK\$23.4 million)	US\$3.1 million (equivalent to HK\$23.8 million)	US\$3.3 million (equivalent to HK\$25.3 million)	2.8%	2.7%

Investment in an associate

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Carrying amount of the investment		Assets ratio defined under the Listing Rules	
				2021	2020	2021	2020
Fresca	A US based sleep solution and connected health company that is developing a system for the treatment of obstructive sleep apnea.	26.09%	US\$5.0 million (equivalent to HK\$39.3 million)	US\$ Nil	US\$0.85 million (equivalent to HK\$6.6 million)	n/a	0.7%

For additional information regarding the performance during the Year and prospects of the above significant investments, please refer to the paragraph headed “Investments and Collaboration” above.

As at 31 December 2021, the carrying amount of investment in Fresca decreased to HK\$ Nil (2020: HK\$6.6 million) and an impairment loss of HK\$10.7 million was recorded during the Year (2020: HK\$ Nil). In view of the above and the business prospects of Fresca, the Company no longer considers that the investment in Fresca is significant in nature after 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had no other material acquisitions or disposals of subsidiaries and associated companies.

EVENTS AFTER THE REPORTING PERIOD

The address of the Company's headquarters and principal place of business in Hong Kong has been changed to Units 1604-07A, 16/F., Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong with effect from 22 February 2022. The telephone and facsimile numbers of the Company have also been changed to (852) 2155 2998 and (852) 2155 8298, respectively.

Saved for the above, there were no other significant events after the reporting period up to the date of this announcement.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2021, none of the assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

While some of the Group's costs and expenses are denominated in RMB, there was a substantial amount of sales denominated in US dollars ("USD") given the export-oriented nature of the Group's business. Thus, any appreciation of RMB against USD may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group's profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have other contingent liabilities.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Tuesday, 24 May 2022. A notice convening the AGM, which constitutes part of the circular to the Shareholders, will be issued and disseminated to the Shareholders in due course.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK2.5 cents (2020: HK11.0 cents) per Share for the Year to the Shareholders whose names appear on the register of members of the Company on Thursday, 2 June 2022. Together with an interim dividend of HK2.0 cents (for the six months ended 30 June 2020: HK Nil cent) per Share, the total dividend for the year ended 31 December 2021 is HK4.5 cents (2020: HK11.0 cents) per Share.

Subject to the passing of the relevant resolution at the AGM, it is expected that the proposed final dividend will be paid to the Shareholders on or around Friday, 24 June 2022.

CLOSURE OF REGISTER OF MEMBERS

- (1) For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 24 May 2022, the register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, the Shareholders must lodge all transfer forms accompanied by the relevant share certificates (together the “**Share Transfer Documents**”) for registration no later than 4:30 p.m. on Wednesday, 18 May 2022.
- (2) The record date for ascertaining the Shareholders’ entitlement to the proposed final dividend (subject to the approval of the Shareholders at the AGM) will be Thursday, 2 June 2022. The register of members of the Company will be closed from Tuesday, 31 May 2022 to Thursday, 2 June 2022, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish entitlements to the proposed final dividend, the Shareholders must lodge the Share Transfer Documents for registration no later than 4:30 p.m. on Monday, 30 May 2022.
- (3) The Share Transfer Documents shall be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance on reducing energy consumption. The Group is also continually improving its business practices and employee training in such best practices. It has adopted a proactive approach to ESG responsibility and has established a working group chaired by an executive Director and comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and to enhance the Group’s ESG efforts.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining the highest possible standards of corporate governance, and strives to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and high quality corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group’s corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders. In the opinion of the Directors, the Company has complied with all the applicable code provision as set out in the CG Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding their transactions throughout the Year.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference which deal clearly with its authority and duties. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Au Yu Chiu Steven, Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung.

The Group’s audited consolidated annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, RSM Hong Kong, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2021. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 1,592,000 Shares on the Stock Exchange at an aggregate consideration of HK\$1,613,760 (before expenses). 1,402,000 Shares out of the above repurchased Shares were subsequently cancelled during the Year. Details of the Shares repurchased during the Year are as follows:

Month	Number of Shares purchased	Price paid per Share		Aggregate consideration
		Highest	Lowest	(before expenses)
		HK\$	HK\$	HK\$
October 2021	192,000	0.88	0.87	168,600
November 2021	222,000	0.90	0.88	198,140
December 2021	<u>1,178,000</u>	1.09	1.02	<u>1,247,020</u>
Total	<u><u>1,592,000</u></u>			<u><u>1,613,760</u></u>

The above Share repurchases were made with a view to enhancing the earnings per Share of the Company.

Saved for the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.vincentmedical.com>), respectively.

The annual report of the Company for the year ended 31 December 2021 containing all the relevant information required by the Listing Rules and the relevant laws and regulations will be dispatched to the Shareholders and available on above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our stakeholders and business partners for their ongoing support, and our Directors, management and employees for their dedication and contributions to our progress.

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

Hong Kong, 23 March 2022

As at the date of this announcement, the Board of the Company 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.