



Vincent Medical Holdings Limited

Stock code: 1612.HK

Announces 2022 Interim Results

**Increasing Penetration in Japan Along with New Market Entry in Central America
Celebrate 25th Anniversary with a Special Dividend of HK\$2.5 cents per share**

Financial highlights

<i>HK\$ million</i>	For the six months ended 30 June	
	2022	2021
Revenue	280.7	370.7
Gross profit	36.8	125.7
(Loss)/Profit attributable to owners of the Company	(44.4)	41.9
Allowance for inventories	(43.2)	--
Basic (loss)/earnings per share (HK cents)	(6.78)	6.42
Gross profit margin (% , if excl. allowance for inventories)	28.5%	33.9%
Dividend per share (HK cents)	2.5	2.0

(Hong Kong, 23 August 2022) – **Vincent Medical Holdings Limited** (“Vincent Medical” or the “Company”, together with its subsidiaries, the “Group”, stock code: 1612), a global respiratory medical device and disposables supplier, announces its interim results for the six months ended 30 June 2022 (“1H2022” or, “the Period”).

During the Period, the resurgence of COVID-19 continued to bring uncertainties to the operating environment. In addition to the significant decrease in number of patients that require critical care due to the rising vaccination rate and decreasing mortality of the COVID strains, the subsequent lockdowns in the PRC, along with rising geopolitical risk and other macro uncertainties, also posed further challenges to production and demand. As a result, revenue for the Period decreased by 24.3% year-on-year (“YoY”) from HK\$370.7 million to HK\$280.7 million.

With the inclusion of an allowance for inventories of HK\$43.2 million, gross profit for the Period decreased by 70.7% YoY from HK\$125.7 million to HK\$36.8 million. Gross profit margin also fell from 33.9% to 13.1% (28.5% if excluding allowance for inventories), primarily attributable to the change in product mix and the Group’s fixed production overhead and direct cost. Consequently, the Group recorded a net loss attributable to owners of the Company of HK\$44.4 million (1H2021: profit attributable to owners of the Company of HK\$41.9 million).

Nonetheless, to celebrate the Company’s 25th Anniversary in view of its solid financial position, the Board has resolved to declare a special dividend of HK\$2.5 cents per share to the shareholders of the Company.

Continuous Product Development with New Market Penetration

Nonetheless, the Group continued to pursue its long-term “device+disposable” growth strategy through technological innovation and collaborations with global med-tech conglomerates. During the Period, much effort was put into product localisation, i.e. revising all aspects of the devices so that they meet the cultural, regulatory and usage standards of the major markets, as well as complying with the standards and requirements of the collaborating partners. The Group remains confident that these collaborations will generate sustainable product demand in the medium-term, allowing the Group to capture greater market share through co-developed solutions with its partners.

In addition to its product development, the Group also made progress in the product registration for its devices and disposables in various Latin American countries, recording maiden sales in Nicaragua and Mexico. Supported by the growing brand recognition and higher penetration of inspired™ devices in hospital chains, the Group also saw a 52.8% YoY increase in sales from the Japanese market.

Outlook

Despite the short-term challenges, the Group remains confident in the sustainability and long-term development of its business. Even though the demand for respiratory products was weakened during the Period, the Group continues to see greater awareness and adoption of high-flow oxygen therapy, as demonstrated by the recent inclusion of inspired™ O2FLO (for home use) in Japan’s national health insurance reimbursement scheme. Similar developments will continue to expand the Group’s installed base, and the growing profile will be able to attract new market and user adoption, thus laying a solid foundation for future disposable sales.

Mr. Choi Man Shing, Chairman of Vincent Medical, said “Looking ahead, we will continue to deeply collaborate with industry leaders, so that we can develop a comprehensive solution that can provide more values to patients. By leveraging their extensive distribution network and product know-how, we will also look to overcome entry barriers in overseas markets, thereby putting us in a strategic position to capture opportunities at the present and in a post-COVID world.”

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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 technology company. 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. Our products include a range of electronic medical devices such as high-flow oxygen therapy devices, respiratory humidification system, rehabilitation devices, as well as the related disposables in respiratory care and anesthesiology. With our major production base in Dongguan, China, along with the R&D, regulatory and manufacturing divisions in Dongguan Songshan Lake Technology Industrial Park, we are dedicated to bringing innovative, high-quality and reliable medical devices to the global market.

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

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