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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)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022 AND CLOSURE OF REGISTER OF MEMBERS**

#### **HIGHLIGHTS**

- ✧ Revenue for the year ended 31 December 2022 (“**2022**” or the “**Year**”) was HK\$629.2 million, representing a decrease of 19.1% over the last year (2021: HK\$777.7 million). Nonetheless, the second half of the Year represents a notable improvement from the first half of the Year.
- ✧ The narrowed loss, as compared to the HK\$44.4 million recorded for the six months ended 30 June 2022, is primarily attributable to the decrease in allowance for inventories, as a result of the increase in market demand for the Group’s respiratory devices, as well as general product price adjustments in the second half of 2022.
- ✧ Resilient growth of the imaging disposable products segment with revenue up by 11.3% year-on-year, accounted for 37.8% of revenue.
- ✧ Continued investment in research and development (“**R&D**”), regulatory and quality assurance to support its long-term growth strategy and collaborations with global medical technology conglomerates.
- ✧ inspired™ VHB20 received the 510(k) clearance from Food and Drug Administration (“**FDA**”) of the United States of America (the “**US**”). This is the first FDA 510(k) cleared electronic device of the inspired™ brand.
- ✧ Concrete long-term development plans focusing on profitability enhancement through higher production efficiency, capacity expansion and automation.
- ✧ Riding on its “In China, For China” strategy and favourable policies supporting the adoption of domestic medical devices, Vincent Medical is looking to deploy more resources to develop the vast and growing Chinese market.
- ✧ The Board does not recommend the payment of a final dividend for the Year. Total dividend per share for the Year is HK2.5 cents.

## 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**” or “**Vincent Medical**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 (“**2021**”) as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
<b>Revenue</b>	4	<b>629,242</b>	777,720
Cost of sales		<u>(463,889)</u>	<u>(518,616)</u>
<b>Gross profit</b>		<b>165,353</b>	259,104
Other income, other gains and losses	5	<b>(6,020)</b>	(19,954)
Selling and distribution expenses		<b>(31,973)</b>	(37,679)
Administrative expenses		<b>(101,678)</b>	(87,739)
Research and development expenses		<u>(36,682)</u>	<u>(39,245)</u>
<b>(Loss)/profit from operations</b>		<b>(11,000)</b>	74,487
Finance costs	7	<b>(2,852)</b>	(2,428)
Share of losses of associates		<b>(1,414)</b>	(4,827)
Share of losses of joint ventures		<u>(250)</u>	<u>(1,052)</u>
<b>(Loss)/profit before tax</b>		<b>(15,516)</b>	66,180
Income tax expense	8	<u>(2,874)</u>	<u>(6,110)</u>
<b>(Loss)/profit for the year</b>	9	<u><b>(18,390)</b></u>	<u>60,070</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(17,398)</b>	60,695
Non-controlling interests		<u>(992)</u>	<u>(625)</u>
		<u><b>(18,390)</b></u>	<u>60,070</u>
<b>(Loss)/earnings per share</b>	11		
Basic		<u><b>(HK2.66 cents)</b></u>	<u>HK9.28 cents</u>
Diluted		<u><b>n/a</b></u>	<u>HK9.18 cents</u>

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

*FOR THE YEAR ENDED 31 DECEMBER 2022*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<u>(18,390)</u>	<u>60,070</u>
<b>Other comprehensive income:</b>		
<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>(19,157)</u>	<u>(2,150)</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(32,090)</b>	8,867
Exchange differences reclassified to profit or loss on disposal of a subsidiary	<u>–</u>	<u>343</u>
	<u>(32,090)</u>	<u>9,210</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(51,247)</u>	<u>7,060</u>
<b>Total comprehensive income for the year</b>	<u><b>(69,637)</b></u>	<u><b>67,130</b></u>
<b>Attributable to:</b>		
Owners of the Company	<b>(68,167)</b>	67,950
Non-controlling interests	<u>(1,470)</u>	<u>(820)</u>
	<u><b>(69,637)</b></u>	<u><b>67,130</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 DECEMBER 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>100,825</b>	115,616
Right-of-use assets		<b>21,283</b>	7,464
Other intangible assets		<b>7,712</b>	11,954
Investments in associates		–	1,404
Investments in joint ventures		<b>5,718</b>	10,424
Equity investments at FVTOCI		<b>24,475</b>	43,632
Non-current deposits		<b>16,086</b>	14,906
Deferred tax assets		<b>1,342</b>	–
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>177,441</b>	205,400
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>174,032</b>	243,161
Trade receivables	12	<b>159,304</b>	167,229
Contract assets		<b>16,438</b>	16,519
Prepayments, deposits and other receivables		<b>40,143</b>	40,679
Bank and cash balances		<b>159,341</b>	173,167
		<hr/>	<hr/>
<b>Total current assets</b>		<b>549,258</b>	640,755
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>726,699</b>	846,155
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY AND LIABILITIES</b>			
Share capital	14	<b>6,533</b>	6,550
Reserves		<b>491,478</b>	591,811
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>498,011</b>	598,361
Non-controlling interests		<b>602</b>	2,072
		<hr/>	<hr/>
<b>Total equity</b>		<b>498,613</b>	600,433
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>5,100</b>	4,893
Deferred tax liabilities		<b>6,415</b>	8,021
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>11,515</b>	12,914
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	13	<b>42,491</b>	65,266
Other payables and accruals		<b>97,244</b>	89,529
Lease liabilities		<b>16,792</b>	2,814
Borrowings		<b>38,500</b>	55,251
Current tax liabilities		<b>21,544</b>	19,948
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>216,571</b>	232,808
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>726,699</b>	846,155
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		<b>332,687</b>	407,947
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>510,128</b>	613,347
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability 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 in Hong Kong is Units 1604-07A, 16/F., Two Harbourfront, 22 Tak Fung 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 R&D of medical devices.

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 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

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**

The Group has not applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. These amendments to standards and interpretation include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>By product category</b>						
Respiratory products	66,992	89,952	183,810	337,905	250,802	427,857
Imaging disposable products	238,021	213,790	–	–	238,021	213,790
Orthopaedic and rehabilitation products	59,234	66,952	9,830	12,095	69,064	79,047
Other products	71,355	57,026	–	–	71,355	57,026
	<u>435,602</u>	<u>427,720</u>	<u>193,640</u>	<u>350,000</u>	<u>629,242</u>	<u>777,720</u>
<b>By geographical market</b>						
The US	350,320	361,273	4,245	6,606	354,565	367,879
The People's Republic of China (the "PRC")	120	–	89,482	110,461	89,602	110,461
Japan	11,418	10,820	39,022	28,644	50,440	39,464
Costa Rica	31,443	12,577	–	–	31,443	12,577
The Netherlands	16,134	24,952	1,067	1,769	17,201	26,721
Spain	7,044	2,366	1,131	1,775	8,175	4,141
Germany	4,508	3,500	2,423	2,023	6,931	5,523
Hong Kong	1,145	2,317	4,697	6,504	5,842	8,821
Turkey	–	–	5,802	22,576	5,802	22,576
Canada	1,299	927	4,248	4,067	5,547	4,994
India	–	–	4,059	29,507	4,059	29,507
Thailand	–	–	381	26,380	381	26,380
Vietnam	–	–	353	36,853	353	36,853
Others	12,171	8,988	36,730	72,835	48,901	81,823
	<u>435,602</u>	<u>427,720</u>	<u>193,640</u>	<u>350,000</u>	<u>629,242</u>	<u>777,720</u>
<b>By timing of revenue recognition</b>						
Products transferred at a point in time	197,581	213,930	193,640	350,000	391,221	563,930
Products transferred over time	238,021	213,790	–	–	238,021	213,790
	<u>435,602</u>	<u>427,720</u>	<u>193,640</u>	<u>350,000</u>	<u>629,242</u>	<u>777,720</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivables, which are included in “trade receivables”	159,304	167,229
Contract assets	<u>16,438</u>	<u>16,519</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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income</b>		
Government subsidies	2,895	3,742
Interest income	510	382
Sundry income	<u>3,070</u>	<u>4,003</u>
	<u>6,475</u>	<u>8,127</u>
<b>Other gains and losses</b>		
Exchange (losses)/gains, net	(5,767)	805
Gain on disposal of other intangible assets	621	–
Gain on disposal of property, plant and equipment	–	10
Impairment of investment in an associate	–	(10,729)
Impairment of investment in a joint venture	(3,820)	–
Impairment of trade receivables	–	(3,287)
Loss on disposal of a subsidiary	–	(2,268)
Write off of deposits	(2,524)	(11,697)
Write off of other intangible assets	–	(590)
Write off of property, plant and equipment	<u>(1,005)</u>	<u>(325)</u>
	<u>(12,495)</u>	<u>(28,081)</u>
<b>Total</b>	<u>(6,020)</u>	<u>(19,954)</u>

## 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 “original equipment manufacturing”, whereby products are manufactured in accordance with the customer’s specification for sale under the customer’s or third party’s brand.
- OBM represents “original brand manufacturing”, comprising research, development, manufacturing, marketing and sales of medical devices under “Inspired Medical”, “inspired™” and “Hand of Hope” brands.

Segment profits or losses do not include interest income, interest expenses, exchange gains/losses, 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:**

	<b>OEM</b> <i>HK\$'000</i>	<b>OBM</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2022</b>			
Revenue from external customers	435,602	193,640	629,242
Segment profit/(loss)	62,292	(48,496)	13,796
Depreciation and amortisation	23,837	17,115	40,952
Allowance for inventories	10,912	24,001	34,913
Gain on disposal of other intangible assets	–	621	621
Provision for warranties	–	321	321
Write off of deposits	–	2,524	2,524
Write off of property, plant and equipment	714	291	1,005
	<u>          </u>	<u>          </u>	<u>          </u>

**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
Allowance for inventories	427	4,537	4,964
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>

**Reconciliation of reportable segment revenue and profit or loss:**

	<b>2022</b> <i>HK\$'000</i>	<b>2021</b> <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	<u>629,242</u>	<u>777,720</u>
<b>Profit or loss</b>		
Total profit or loss of reportable segments	13,796	88,943
Interest income	510	382
Interest expenses	(2,852)	(2,428)
Exchange (losses)/gains, net	(5,767)	805
Share-based payments	(2,939)	(1,072)
Share of losses of associates	(1,414)	(4,827)
Share of losses of joint ventures	(250)	(1,052)
Impairment of investment in an associate	–	(10,729)
Impairment of investment in a joint venture	(3,820)	–
Corporate income	4,491	4,876
Corporate expenses	<u>(17,271)</u>	<u>(8,718)</u>
Consolidated (loss)/profit before tax	<u>(15,516)</u>	<u>66,180</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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
The US	354,565	367,879
The PRC	89,602	110,461
Japan	50,440	39,464
Costa Rica	31,443	12,577
The Netherlands	17,201	26,721
Spain	8,175	4,141
Germany	6,931	5,523
Hong Kong	5,842	8,821
Turkey	5,802	22,576
Canada	5,547	4,994
India	4,059	29,507
Thailand	381	26,380
Vietnam	353	36,853
Others	48,901	81,823
	<u>629,242</u>	<u>777,720</u>

	Non-current assets	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	17,045	19,857
The PRC	133,232	137,420
Spain	–	904
Japan	1,347	3,587
	<u>151,624</u>	<u>161,768</u>

**Revenue from major customers:**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
OEM segment		
Customer A	251,368	228,122
Customer B	69,275	80,036
	<u>320,643</u>	<u>308,158</u>

## 7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on lease liabilities	1,288	586
Interest on borrowings	<u>1,564</u>	<u>1,842</u>
	<u><u>2,852</u></u>	<u><u>2,428</u></u>

## 8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax - Hong Kong Profits Tax		
Provision for the year	1,676	8,798
Over-provision in prior years	<u>(58)</u>	<u>(1,121)</u>
	<u>1,618</u>	<u>7,677</u>
Current tax - the PRC		
Provision for the year	1,000	866
Over-provision in prior years	<u>(85)</u>	<u>(3,771)</u>
	<u>915</u>	<u>(2,905)</u>
Current tax - Others		
Provision for the year	1,856	1,822
Under-provision in prior years	<u>901</u>	<u>–</u>
	<u>2,757</u>	<u>1,822</u>
Deferred tax	<u>(2,416)</u>	<u>(484)</u>
Income tax expense	<u><u>2,874</u></u>	<u><u>6,110</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 for Vincent Medical (Dongguan) Mfg. Co. Ltd. (東莞永勝醫療製品有限公司) and Vincent Medical (Dongguan) Technology Company Limited (東莞永昇醫療科技有限公司) which are 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. (LOSS)/PROFIT FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Allowance for inventories (included in cost of inventories sold) <i>(Note (i))</i>	34,913	4,964
Amortisation	3,312	5,316
Auditor's remuneration	2,100	2,029
Cost of inventories sold <i>(Note (ii))</i>	463,889	518,616
Depreciation of property, plant and equipment	20,629	20,403
Depreciation of right-of-use assets	17,011	14,344
Equity-settled share-based payments	2,939	1,072
Gain on disposal of other intangible assets (included in other gains and losses)	(621)	–
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
Impairment of investment in a joint venture (included in other gains and losses)	3,820	–
Impairment of trade receivables (included in other gains and losses)	–	3,287
Loss on disposal of a subsidiary (included in other gains and losses)	–	2,268
Provision for warranties (included in cost of inventories sold)	321	685
Write off of deposits (included in other gains and losses)	2,524	11,697
Write off of other intangible assets (included in other gains and losses)	–	590
Write off of property, plant and equipment (included in other gains and losses)	1,005	325
	<u>1,005</u>	<u>325</u>

*Notes:*

- (i) During the Year, the performance of the Group's respiratory products segment fell short of the Group's earlier forecasts and thus the relevant inventories had been moving much slower than the Group expected. Taking into account the market uncertainties, the residual value of the inventories and the expected performance of the Group's respiratory products segment, an allowance for slow-moving and/or obsolete inventories of approximately HK\$34,913,000 was made during the Year.
- (ii) Cost of inventories sold include staff costs of approximately HK\$108,588,000 (2021: HK\$135,227,000), depreciation of property, plant and equipment of approximately HK\$13,887,000 (2021: HK\$14,676,000), depreciation of right-of-use assets of approximately HK\$9,543,000 (2021: HK\$8,437,000), and amortisation of approximately HK\$ Nil (2021: HK\$1,679,000), which are included in the amounts disclosed separately.

## 10. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Special dividend of HK2.5 cents per ordinary share ( <i>Note</i> )	16,333	–
2022 interim dividend of HK Nil cents (2021: HK2.0 cents) per ordinary share	–	13,128
2021 final dividend of HK2.5 cents (2021: 2020 final dividend of HK11.00 cents) per ordinary share	<u>16,353</u>	<u>72,120</u>
	<u><u>32,686</u></u>	<u><u>85,248</u></u>

*Note:*

In celebration of the Company's 25<sup>th</sup> anniversary, the Board has resolved to declare a special dividend of HK2.5 cents per share during the Year.

## 11. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss)/Earnings</b>		
(Loss)/profit attributable to owners of the Company	<u>(17,398)</u>	<u>60,695</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	653,741	654,333
Effect of dilutive potential ordinary shares arising from share options issued by the Company ( <i>Note</i> )	<u>n/a</u>	<u>6,790</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u><u>653,741</u></u>	<u><u>661,123</u></u>

*Note:*

The effects of all potential ordinary shares are anti-dilutive for the Year.

## 12. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	159,359	170,710
Less: allowance for doubtful debts	<u>(55)</u>	<u>(3,481)</u>
	<u><b>159,304</b></u>	<u><b>167,229</b></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	63,197	47,636
31 to 60 days	41,475	41,207
61 to 90 days	23,273	27,732
Over 90 days	<u>31,359</u>	<u>50,654</u>
	<u><b>159,304</b></u>	<u><b>167,229</b></u>

## 13. TRADE PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	24,012	52,162
31 to 60 days	8,170	7,887
Over 60 days	<u>10,309</u>	<u>5,217</u>
	<u><b>42,491</b></u>	<u><b>65,266</b></u>

## 14. SHARE CAPITAL

	Number of shares of HK\$0.01 each '000	Share capital HK\$'000
Ordinary shares		
<b>Authorised</b>		
At 1 January 2021, 31 December 2021 and 31 December 2022	10,000,000	100,000
<b>Issued and fully paid</b>		
At 1 January 2021	650,598	6,506
Shares issued under share option schemes	5,812	58
Cancellation of shares ( <i>Note (ii)</i> )	(1,402)	(14)
At 31 December 2021 and 1 January 2022	655,008	6,550
Shares issued under share option scheme ( <i>Note (i)</i> )	264	2
Cancellation of shares ( <i>Note (ii)</i> )	(1,936)	(19)
At 31 December 2022	<b>653,336</b>	<b>6,533</b>

*Notes:*

- (i) During the year ended 31 December 2022, 264,000 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\$211,000, and share-based payments reserve of approximately HK\$145,000 was transferred to share premium account.
- (ii) During the year ended 31 December 2021, the Company repurchased 1,592,000 shares at approximately HK\$1,620,000, of which 1,402,000 shares were cancelled before 31 December 2021. The remaining 190,000 shares at approximately HK\$197,000 were cancelled on 26 January 2022.

During the year ended 31 December 2022, the Company repurchased 1,746,000 shares at approximately HK\$1,562,000, and these shares were cancelled before 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the macro-operating environment was filled with uncertainties and disruptions across both demand and supply sides. On the supply side, the global supply chain chaos due to the COVID-19 pandemic, along with the war in Ukraine, have led to surging raw material and logistics cost particularly in the first half of the Year. That in turn, has put undeniable pressure on the Group's profit margins.

On the other hand, while the market continued to digest the accumulated inventories of respiratory devices and disposables, governments have since changed their COVID-19 strategies from treatment to prevention, and from prevention to accommodation, as well as from government-oriented hospital treatment, to domestic-oriented solutions. Hence, these have led to a change in customer ordering patterns and their required product mix, casting doubts on the Group's order visibility. Nonetheless, thanks to the Group's well balanced business pillars, the performance of its imaging disposable products segment remained resilient, and was able to partially offset the fluctuation in the respiratory products segment.

Despite facing the aforesaid challenges, Vincent Medical remained focused on its growth strategy: focusing on technology innovation that would help the Group to expand its proprietary product lines and manufacturing capabilities, as well as driving product registration in different countries and regions.

In 2021, the Group identified the need to strengthen its engagement with academics and medical professionals, in order to drive clinical education and adoption. One of the successful examples include the poster presentation on the VHB20 humidifier by Dr. François Lellouche at the 35<sup>th</sup> Annual Congress of The European Society of Intensive Care Medicine, which recognised its outstanding performance against other comparable humidifiers. In December 2022, the VHB20 humidifier has been granted the 510(k) clearance from FDA of the US, this is the first FDA 510(k) cleared electronic device of the inspired™ brand. All these progresses have further established inspired™ as one of the leading brands in the industry, laying the groundwork for future technology development, as well as new market penetration.

All in all, Vincent Medical powered through with its strategy and value proposition of "Putting Patients First". Not only did it lay a foundation for sustainable development with the expanding installed base and technology innovation, it has also provided a reliable supply of medical devices to its partners in times of need, striving to contribute to saving lives.

## RESPIRATORY PRODUCTS SEGMENT

	Year ended 31 December		Change
	2022 HK\$'000	2021 HK\$'000	
O2FLO	7,919	97,942	-91.9%
O2FLO disposables	10,551	45,152	-76.6%
VHB Humidifier	16,852	24,705	-31.8%
VHB Humidifier disposables	57,029	65,617	-13.1%
Other respiratory products	91,459	104,489	-12.5%
OEM respiratory products	66,992	89,952	-25.5%
Total	<u>250,802</u>	<u>427,857</u>	-41.4%

During the Year, there was a decrease in demand for respiratory products given the relatively high inventory level across countries. As a result, the respiratory products segment has fallen short of earlier forecasts, with revenue decreased by 41.4% to HK\$250.8 million, accounting for 39.9% of the Group's revenue. Sales of the inspired™ O2FLO high flow respiratory humidifier (the “O2FLO”) and the VHB series respiratory humidifiers (the “VHB Humidifier”) has dropped by 91.9% and 31.8%, to HK\$7.9 million and HK\$16.9 million, respectively. Sales of the respective dedicated disposables also dropped from HK\$45.2 and HK\$65.6 million, to HK\$10.6 million and HK\$57.0 million, respectively.

The segment gross profit margin decreased from 38.3% in 2021 to 20.6% in 2022 by 17.7 percentage points, of which 12.2 percentage points was resulted from the increase in allowance for inventories of HK\$29.9 million. In 2020 and early 2021, the Group experienced a substantial surge in demand of the Group's respiratory products due to the COVID-19 outbreak. As a result, the Group has increased the inventory level for some highly-tailored raw materials to cater for the then growing demand. Yet, during the Year, the performance of the respiratory products segment fell short of the Group's earlier forecasts, with the relevant inventories moving much slower than expected. Taking into account the market uncertainties, the residual value of the inventories and the expected performance of the Group's respiratory products segment, an allowance for slow-moving and/or obsolete inventories of HK\$34.9 million was made during the Year.

### Other respiratory products

Other respiratory products include items such as respiratory filters, respiratory and anaesthesia circuits and other disposables. As the demand for such products continued to normalise, its revenue has declined from HK\$104.5 million in 2021 to HK\$91.5 million in 2022, representing a decrease of 12.5%.

## OEM respiratory products

For the Year, sales of OEM respiratory products decreased by 25.5% to HK\$67.0 million (2021: HK\$90.0 million), primarily due to the decrease in ad-hoc COVID-19 orders as demand gradually normalised.

## IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells imaging disposable products on an OEM basis to one of the world's leading solutions providers of diagnostic imaging. As a trusted partner, the Group supports its customer in the design and manufacturing of various contrast media injectors and disposable components, and is an integral part of its growth strategy in the PRC. During the Year, revenue of the imaging disposable products segment grew by 11.3% to HK\$238.0 million (2021: HK\$213.8 million), accounted for 37.8% of the Group's revenue. Benefiting from the growing economies of scale and the improvement in production efficiency, segment gross profit margin also strengthened from 28.7% to 33.9% during the Year.

During the Year, the Group continued to focus on service innovation in manufacturing and streamlining its collaborative processes, in which both have so far received positive feedback from its customers. The Group is expecting further growth impetus from the imaging disposable products segment in 2023.

## ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

With the massive market size as well as the increasing importance placed on rehabilitation in the PRC, the Group saw huge growth potential for its orthopaedic and rehabilitation products segment in the domestic Chinese market.

In 2022, the Group focused on outlining its long-term development plan for the segment, and has created concrete plans to strengthen the development of its (1) robotic rehabilitation solutions; and (2) wearable Electromyography (EMG) and movement sensors. Specifically, the Group's next generation robotic hand and robotic ankles, in use with wearable movement sensors, can provide objective and precise measurements of the quantity and quality of physical activities as well as movement of patients, being able to provide clinicians with data that can be used to optimise treatments. In addition, with the accelerated adoption of digital health solutions in post-stroke rehabilitation treatments, the Group is also looking to develop some cross platform mobile applications for patients and therapists.

	Year ended 31 December		Change
	2022	2021	
	HK\$'000	HK\$'000	
OBM orthopaedic and rehabilitation products	9,830	12,095	-18.7%
OEM orthopaedic and rehabilitation products	59,234	66,952	-11.5%
Total	<u>69,064</u>	<u>79,047</u>	-12.6%

During the Year, sales of orthopaedic and rehabilitation products segment decreased to HK\$69.1 million from HK\$79.0 million in 2021, representing a drop of 12.6% and accounted for 11.0% of the Group's revenue. Despite the drop in production volume, gross profit margin for the segment remained stable at 31.2%, thanks to the improvement in production efficiencies and cost control.

## **OTHER PRODUCTS**

Revenue from other products increased by 25.1% from HK\$57.0 million to HK\$71.3 million, mainly attributable to the manufacturing and sales of new electronic devices and body warming disposables for surgical procedures under the OEM business segment.

## **INVESTMENTS AND COLLABORATION**

Inspired Medical Japan Co., Limited, a company incorporated in Japan and an indirect non-wholly owned subsidiary of the Company, continued to perform during the Year, with revenue growing by 36.0%, despite the fact that the Japanese Yen (“**JPY**”) has weakened significantly against the Hong Kong dollars (“**HKD**”) in 2022. The Group remained positive over the prospect of the Japanese market, and will strengthen its product offering catering the needs of the market.

During the Year, Inovytec Medical Solutions Limited (“**Inovytec**”) continued to drive adoption of its Ventway Sparrow EMS and transport turbine ventilator around the world, and saw good uptake of its ventilators in the US and Japan. The Group remains optimistic over its long-term business prospect.

## **OUTLOOK**

In spite of the short-term challenges, the Group has made great strides with its focused development strategy: a transition from an OEM medical company to a medical and technology solutions company through in-house R&D and proprietary intellectual property portfolio, while seeking to expand its knowledge, network, installed base and disposables' sales through collaborations.

Looking ahead, the Group will continue to deepen its collaboration with industry-leading partners on technology development, aiming to bring next generation products to market alongside new features on its existing product range. In the shorter-term horizon, the recent successful registration of the Group's humidifier and the Hand of Hope should also greatly increase their penetration in the respective markets. In addition, the Group will also look to manufacture new imaging disposable products, rehabilitation and various healthcare devices, in an attempt to further expand its product portfolio while providing a more comprehensive product development and manufacturing solutions to its customers.

At its 25<sup>th</sup> anniversary, Vincent Medical also took the opportunity to review its operational infrastructure. To allow more room to maneuver future market uncertainties, the Group sees the importance to expand its production capabilities and enhance its efficiency. Hence, the Group is planning to build a modern, purpose-designed production facilities for its single-use medical disposables and rehabilitation devices in the Greater Bay Area. The planning and construction of the new production facility are expected to commence in the current financial year. The expanded capability could also open up the possibility of contract development and manufacturing services, which will allow the Group to establish deeper collaborations with its partners.

With the aforesaid strategies, the Group remains confident in navigating the ongoing clinical, regulatory and economic challenges, and will strive to create higher values for all stakeholders.

## **FINANCIAL REVIEW**

### **REVENUE**

Total revenue for the Year amounted to HK\$629.2 million (2021: HK\$777.7 million), representing a decrease of 19.1%. Revenue from respiratory products segment accounted for 39.9% of revenue, totaling HK\$250.8 million (2021: HK\$427.9 million). Revenue from imaging disposable products segment accounted for 37.8% of revenue, totaling HK\$238.0 million (2021: HK\$213.8 million). Revenue from orthopaedic and rehabilitation products segment accounted for 11.0% of revenue, totaling HK\$69.1 million (2021: HK\$79.0 million). Other products accounted for 11.3% of revenue, totaling HK\$71.3 million (2021: HK\$57.0 million).

In terms of geographical market, the US and the PRC each accounted for 56.3% (2021: 47.3%) and 14.2% (2021: 14.2%) of total revenue, respectively. Sales to Japan increased by 27.6% from HK\$39.5 million to HK\$50.4 million and accounted for 8.0% of total revenue (2021: 5.1%). Meanwhile, Europe and Latin America accounted for 8.6% (2021: 8.9%) and 5.2% (2021: 1.6%), respectively.

### **GROSS PROFIT AND GROSS PROFIT MARGIN**

Gross profit decreased by 36.2% to HK\$165.4 million (2021: HK\$259.1 million), mainly due to the allowance for inventories made during the Year of HK\$34.9 million, the decrease in sales and production volume of the Group's respiratory products.

Gross profit margin declined from 33.3% to 26.3%, mainly due to allowance for inventories (31.8%, if excluding the allowance for inventories), primarily due to the change in product mix and the Group's fixed production overhead and direct cost. The COVID-19 prevention and control measures in the PRC and other countries, together with the shortage of global logistic capacity as well as the drastic increase in logistic costs, have also put further pressure to the Group's gross profit margin. These factors have more than offset the positive impact from product price increase and cost efficiency improvement on the production side.

## **OTHER INCOME, OTHER GAINS AND LOSSES**

Other income for the Year mainly comprises government subsidies and rental support for tenants at Song Shan Lake Technology Park, while other gains and losses for the Year mainly comprises exchange losses, impairment and write-off of assets.

## **SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses decreased by 15.1% to HK\$32.0 million (2021: HK\$37.7 million). As a percentage of revenue, such expenses remained relatively stable at 5.1% (2021: 4.8%).

## **ADMINISTRATIVE EXPENSES**

Administrative expenses increased by 16.0% to HK\$101.7 million (2021: HK\$87.7 million), accounting for 16.2% of total revenue (2021: 11.3%). The increase was primarily attributable to the additional management and administrative costs incurred for new projects under the OEM business segment and increase in depreciation.

## **RESEARCH AND DEVELOPMENT EXPENSES**

In order to capture the massive opportunities in the fast-evolving medical device industry, as well as to go above and beyond traditional contract manufacturing services, the Group continued to put considerable effort into technology innovation, process development, commercial manufacturing, regulatory and quality assurance resources.

During the Year, R&D expenses amounted to HK\$36.7 million (2021: HK\$39.2 million), corresponding to 5.8% (2021: 5.0%) of the Group's revenue.

## **INCOME TAX EXPENSE**

During the Year, the Group recorded an income tax expense of HK\$2.9 million (2021: HK\$6.1 million). The decrease was due to the lower profit before tax for the Year.

## **LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of HK\$17.4 million (2021: profit attributable to owners of the Company of HK\$60.7 million).

## **PROPERTY, PLANT AND EQUIPMENT**

The Group incurred capital expenditure of HK\$16.3 million (2021: HK\$24.6 million) during the Year, which mainly included the purchase of additional machineries, tooling and equipment. As at 31 December 2022, property, plant and equipment was HK\$100.8 million (2021: HK\$115.6 million).

## **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

As at 31 December 2022, right-of-use assets and lease liabilities amounted to HK\$21.3 million (2021: HK\$7.5 million) and HK\$21.9 million (2021: HK\$7.7 million), respectively. The increase in right-of-use assets was primarily attributable to the renewal of various tenancy agreements of the Group's facilities in Dongguan, the PRC.

## **INVENTORIES**

Inventories as at 31 December 2022 was HK\$174.0 million (2021: HK\$243.2 million). The 28.5% decrease in inventories was mainly due to the substantial increase in the allowance for slow-moving and/or obsolete inventories made during the Year.

In 2020 and early 2021, the Group experienced a substantial surge in demand of the Group's respiratory products due to the COVID-19 outbreak. As a result, the Group has increased the inventory level for some highly-tailored raw materials to cater for the then growing demand. Yet, during the Year, the performance of the respiratory products segment fell short of the Group's earlier forecasts, with the relevant inventories moving much slower than expected. Taking into account the market uncertainties, the residual value of the inventories and the expected performance of the Group's respiratory products segment, an allowance for slow-moving and/or obsolete inventories of HK\$34.9 million was made during the Year.

## **TRADE RECEIVABLES**

Trade receivables as at 31 December 2022 was HK\$159.3 million (2021: HK\$167.2 million). The Group is comfortable with the quality of the receivables, and will continue to exercise due care in managing its credit exposure.

## **LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS**

During the Year, the Group continued to maintain a healthy financial position amid the fluctuating macroenvironment. Bank and cash balances as at 31 December 2022 was HK\$159.3 million (2021: HK\$173.2 million). This was a result of the net cash inflow from operating activities of HK\$75.8 million, net cash outflow from investing activities of HK\$18.1 million, net cash outflow from financing activities of HK\$67.8 million, and the negative effect of foreign exchange rate changes of HK\$3.8 million. Most of the bank and cash balances were denominated in HKD, US dollars (“USD”) and Renminbi (“RMB”).

As at 31 December 2022, total borrowings amounted to HK\$38.5 million (2021: HK\$55.3 million). The net gearing ratio, which was calculated based on the amount of total borrowings divided by the total equity attributable to owners of the Company, was 0.08 (2021: 0.09). As at 31 December 2022, the Group had unutilised bank facilities of HK\$41.5 million.

## HUMAN RESOURCES

As at 31 December 2022, the total number of full-time employees of the Group was 1,226 (2021: 1,281). The remuneration of employees was determined according to their experience, qualifications, result of operations of the Group and market condition. We offered senior management and key executives performance-based bonus and share options to reward and retain high-calibre employees. We also adopted commission and incentive plans to motivate and reward our sales and marketing team.

During the Year, staff costs including Directors emoluments amounted to HK\$192.7 million (2021: HK\$212.0 million), representing 30.6% (2021: 27.3%) of the Group's revenue.

## CAPITAL STRUCTURE

As at 31 December 2022, the issued share capital of the Company was approximately HK\$6.5 million (2021: approximately HK\$6.6 million), comprising 653,336,332 shares of the Company (the “**Shares**”) (2021: 655,008,332 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 by the Company; and (ii) the Shares repurchased on the Stock Exchange and cancelled before the end of the reporting period.

## SIGNIFICANT INVESTMENT

As at 31 December 2022, the Company considered that the following equity investment at FVTOCI is significant in nature:

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				2022	2021	2022	2021
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)	<b>US\$3.1 million</b> (equivalent to <b>HK\$24.5 million</b> )	US\$3.1 million (equivalent to HK\$23.8 million)	<b>3.4%</b>	2.8%

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

## **MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the reporting period up to the date of this announcement.

## **CHARGES ON THE GROUP'S ASSETS**

As at 31 December 2022, 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 USD and JPY given the export-oriented nature of the Group's business. Thus, any appreciation of RMB against USD and JPY 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 2022, the Group did not have contingent liabilities.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the "AGM") is scheduled to be held on Thursday, 18 May 2023. A notice convening the AGM, which constitutes part of the circular to the shareholders of the Company (the "Shareholders"), will be issued and disseminated to the Shareholders in due course.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK2.5 cents).

During the Year, in light of the solid financial position of the Group and in celebration of the Company's 25<sup>th</sup> anniversary, the Board has resolved to declare a special dividend of HK2.5 cents per Share and paid to the Shareholders on 30 September 2022. The total dividend for the year ended 31 December 2022 is HK2.5 cents (2021: HK4.5 cents) per Share.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 18 May 2023, the register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, 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 for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 May 2023.

## **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 Part 2 of 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.

## **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 to 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.

## **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. Mr. Au Yu Chiu Steven is the chairman of the Audit Committee.

The Group’s audited consolidated annual results for the Year 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 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 2022. 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 1,746,000 Shares on the Stock Exchange at an aggregate consideration of HK\$1,555,820 (before expenses). All 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 (before expenses)  HK\$
		Highest	Lowest	
		HK\$	HK\$	
January 2022	972,000	1.03	0.94	964,400
April 2022	304,000	0.79	0.76	236,220
May 2022	470,000	0.76	0.75	355,200
	<u>1,746,000</u>			<u>1,555,820</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 during the Year.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

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

The annual report of the Company for the year ended 31 December 2022 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**

The Board would like to thank all our stakeholders and business partners for their ongoing support, and our 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, 22 March 2023

*As at the date of this announcement, the Board comprises Mr. Choi Man Shing, Mr. Choi Cheung Tai Raymond, 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.*