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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)

**MAJOR TRANSACTION –
CONSTRUCTION CONTRACT IN RELATION TO
CONSTRUCTION OF NEW PRODUCTION FACILITY**

THE CONSTRUCTION CONTRACT

The Board is pleased to announce that on 9 November 2023, VM Guangdong, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor in relation to the construction of the New Production Facility on the Land at the Consideration of RMB153.0 million (equivalent to approximately HK\$166.7 million). The Consideration was arrived by way of a tender process whereby five invitations to bid for construction of the New Production Facility on the Land were sent and four tenders were received.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the transaction contemplated under the Construction Contract constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Construction Contract and the transaction contemplated thereunder, and as such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction Contract and the transaction contemplated thereunder.

In respect of the Construction Contract and the transaction contemplated thereunder, the Company has obtained a written approval from the Controlling Shareholders, who together hold 392,187,890 Shares, representing approximately 60.03% of the issued Shares as at the date of this announcement, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other matters, (i) further details of the Construction Contract and the transaction contemplated thereunder; and (ii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 November 2023 for their information.

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The principal terms of the Construction Contract are set out below:

- Date: 9 November 2023
- Parties: (a) VM Guangdong; and
(b) the Contractor.
- Subject matter: The Contractor will act as a general contractor and be responsible for constructing the New Production Facility on the Land, with a total construction area of approximately 87,000 sq. m.
- Construction period: The construction works are expected to commence on 15 November 2023 for an estimated period of 538 days and expected to complete by 5 May 2025 subject to other terms of the Construction Contract.
- Consideration: RMB153.0 million (equivalent to approximately HK\$166.7 million), inclusive of value-added tax, which shall be a total price under the Construction Contract and comprising the following:
- (a) approximately RMB126.7 million for contractor's construction fee;

- (b) approximately RMB9.4 million for environment and safety protection measures; and
- (c) approximately RMB16.9 million for other measures.

Payment terms:

The Consideration shall be paid by VM Guangdong in the following manner:

- (a) a prepayment of construction fee of RMB8 million shall be settled within 15 working days after the issuance of construction permit and provision of invoice and bank information by the Contractor;
- (b) up to 75% of the Consideration shall be settled by way of progress payment, which shall be determined based on the construction progress as per the schedule approved by the construction supervisor and VM Guangdong;
- (c) up to 85% of the Consideration shall be settled after the completion, acceptance and VM Guangdong's takeover without objection, of the whole construction works;
- (d) up to 95% of the final contract sum of the construction works shall be settled within 90 days after the completion and acceptance of the whole construction works and the final contract sum of the construction works is concluded; and
- (e) the remaining 5% of the final contract sum of the construction works shall be withheld as warranty, which shall be released within 45 working days after the expiration of the relevant warranty period.

Warranty:

During the warranty period, the Contractor shall be responsible for handling quality problems of the construction works in a timely manner and in accordance with terms and conditions of the Construction Contract. The warranty period varies depending on the types of construction works.

Performance guarantee: The Contractor shall, within 15 working days after the entering into of the Construction Contract, provide a letter of guarantee issued by a bank in an amount of RMB5 million in favour of VM Guangdong or deposit of the same amount to the bank account of VM Guangdong, for a period up to the completion and acceptance of the construction works, and within 15 working days after the Contractor provides the necessary documents to VM Guangdong in accordance with terms and conditions of the Construction Contract.

Condition precedent

The implementation of the Construction Contract is conditional upon the fulfilment of the following condition: the Shareholders having approved the transaction contemplated under the Construction Contract by an extraordinary general meeting to be held by the Company or by way of a written Shareholders' approval in lieu of holding a general meeting in accordance with the Listing Rules. The condition precedent above is not capable of being waived by the parties. If the condition above shall not have been fulfilled at or before 31 December 2023, the Construction Contract shall not take effect and no party shall have any claim against the other party with respect to any matter referred to in the Construction Contract save for any antecedent breaches (if any) of the Construction Contract that has occurred before such date.

As at the date of this announcement, such condition has been fulfilled as the Company has obtained a written approval from the Controlling Shareholders, who together hold more than 50% of the issued Shares, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

Basis of Consideration

The Consideration was arrived by way of a tender process whereby five invitations to bid for the construction of the New Production Facility on the Land were sent and four tenders were received and the tender submitted by the Contractor was considered the most appropriate after taking into account the tender price and payment terms, as well as the Contractor's background, capacity, qualifications and experiences. Accordingly, the Directors consider that the Consideration is fair and reasonable.

The Consideration will be satisfied by the internal resources and bank borrowings of the Group.

INFORMATION OF THE COMPANY AND THE PARTIES TO THE CONSTRUCTION CONTRACT

The Company is an investment holding company. The Group is principally engaging in the development, manufacture and sales of medical devices focusing on respiratory care, imaging disposables, and orthopaedic and rehabilitation products.

VM Guangdong, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaging in the manufacture of medical devices.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires: (i) the Contractor is a company established in the PRC with limited liability and principally engaged in building construction, municipal works, steel structure and indoor and outdoor decoration; (ii) the Contractor is ultimately wholly owned by Mr. Lao Jinhan, an individual; and (iii) the Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

As disclosed in the announcement of the Company dated 28 June 2023, VM Guangdong had successfully won the bid for the land use rights of the Land through listing-for-sale by the Bureau of Land and Resources of Kaiping and the Land is intended to be used for the construction of an integrated production facility with automated production lines and serve as an additional manufacturing site of the Group.

VM Guangdong had entered into the relevant State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同) with the Bureau of Land and Resources of Kaiping in relation to the transfer of land use rights of the Land on 5 July 2023, and obtained the real estate property certificate of the Land on 13 July 2023.

The Board believes that the expanded capability brought about by the construction of the New Production Facility could also open up the possibility of new contract development and manufacturing services, which will allow the Group to be better equipped to capture market opportunities.

VM Guangdong has selected the Contractor as a general contractor through a tender process, in which four tenders were received, and the Construction Contract was awarded to the Contractor after an assessment of the tender price and payment terms, as well as the Contractor's background, capacity, qualifications and experiences.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Construction Contract was entered into upon normal commercial terms and that the terms of the Construction Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Construction Contract and the transaction contemplated thereunder, and as such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction Contract and the transaction contemplated thereunder.

In respect of the Construction Contract and the transaction contemplated thereunder, the Company has obtained a written approval from the Controlling Shareholders, who together hold 392,187,890 Shares, representing approximately 60.03% of the issued Shares as at the date of this announcement, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other matters, (i) further details of the Construction Contract and the transaction contemplated thereunder; and (ii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 November 2023 for their information.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of the Directors
“Company”	Vincent Medical Holdings Limited (永勝醫療控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1612)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration payable by VM Guangdong under the Construction Contract, being RMB153.0 million

“Construction Contract”	the construction contract dated 9 November 2023 entered into between VM Guangdong and the Contractor in relation to the construction of the New Production Facility
“Contractor”	Guangdong Jianbang Industrial Group Co., Limited*(廣東建邦興業集團有限公司), a company established in the PRC with limited liability
“Controlling Shareholders”	VRI and Mr. Choi, who together hold 392,187,890 Shares (representing approximately 60.03% of the issued Shares as at the date of this announcement). VRI is held as to 57.89% by Mr. Choi and 42.11% by Ms. Liu and holds 382,189,890 Shares (including Shares indirectly hold through VRHK). In addition to his indirect shareholding interests in the Company held through VRI, Mr. Choi directly holds 9,998,000 Shares
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land parcel situated in Area C, Tianhu 2 nd Road North, Cuishanhu New District, Kaiping City, Jiangmen City, Guangdong Province, the PRC (中國廣東省江門市開平市翠山湖新區天湖二路北側C號地塊)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Choi”	Mr. Choi Man Shing, the chairman of the Company and executive Director and the spouse of Ms. Liu
“Ms. Liu”	Ms. Liu Pui Ching, the spouse of Mr. Choi
“New Production Facility”	an integrated production facility with automated production lines to be constructed on the Land, with a total construction area of approximately 87,000 sq. m.

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation
“Shareholder(s)”	the holder(s) of the Share(s)
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VM Guangdong”	Guangdong Vincent Medical Technology Co., Limited* (廣東永勝醫療科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“VRHK”	VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of VRI
“VRI”	VINCENT RAYA INTERNATIONAL LIMITED, a company incorporated in the British Virgin Islands and being held as to 57.89% by Mr. Choi and 42.11% by Ms. Liu as at the date of this announcement
“%”	per cent.

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

Hong Kong, 9 November 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, Dr. Leung Ming Chu 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.

For illustration purposes in this announcement, the amounts in RMB were translated into HK\$ at the rate of RMB1 = HK\$1.0895. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any other rates or at all.

** For identification purposes only*