



Vincent Medical Holdings Limited

Stock code: 1612.HK

Announces 2021 Interim Results

Strong Recovery for Orthopaedic and Rehabilitation Segment (up 78.7%) and Steady Growth from Imaging Disposable Segment (up 19.9%)

**Collaborate with global med-tech conglomerates to boost device penetration
Announced a first-time interim dividend of HK\$2.0 cents per share**

Financial highlights

<i>HK\$ million</i>	For the six months ended 30 June		
	2021	2020	2019
Revenue	370.7	502.3	246.5
Gross profit	125.7	225.3	83.7
Profit attributable to owners of the Company	41.9	91.8	13.7
Basic earnings per share (HK cents)	6.42	14.40	2.14
Gross profit margin (%)	33.9%	44.9%	34.0%
Net profit margin (%)	11.3%	18.3%	5.5%

(Hong Kong, 24 August 2021) – **Vincent Medical Holdings Limited** (“Vincent Medical” or the “Company”, together with its subsidiaries, the “Group”, stock code: 1612), a global supplier of respiratory medical device and disposables, is pleased to announce its interim results for the six months ended 30 June 2021 (“1H2021” or, “the Period”).

The COVID-19 pandemic has undoubtedly brought tremendous business opportunities to the Group. However, after a year of exceptional growth, the Group believes it is now entering a phase of normalization. As such, revenue for the Period decreased by 26.2% year-on-year (“YoY”) from HK\$502.3 million to HK\$370.7 million, which is in line with the Group’s expectation on the impact of the COVID-19 pandemic. When comparing to the pre-pandemic figures in 2019, total revenue during the Period has increased by 50.4%, with sales from the respiratory products segment also grew by 97.3%, demonstrating continuous growth of the Group .

Gross profit for the Period decreased by 44.2% YoY to HK\$125.7 million (1H2020: HK\$225.3 million), with gross profit margin also declined to 33.9% (1H2020: 44.9%), primarily due to unfavourable product mix (lower sales contributions from higher margin devices), the appreciation of Renminbi , operating deleverage effect due to lower production volume, as well as the significant spike in raw materials prices. Consequently, profit attributable to owners of the Company decreased by 54.4% YoY to HK\$41.9 million (1H2020: HK\$91.8 million). Basic earnings per share was HK\$6.42 cents (1H2020: HK\$14.40 cents).

To reward its shareholders for their unequivocal support, the Board has resolved to declare an interim dividend for the first time since listing, in the amount of HK\$2.0 cents per share (1H2020: nil).

Respiratory products segment

By riding on the Group's core competency in O2FLO and VHB humidification system, the Group was able to expand the installed base of O2FLO in selected markets, including Thailand, India and Latin American countries like Ecuador and Brazil, despite the market uncertainties brought by COVID-19. Notably, O2FLO has gained a dominant position in the Indian market with a growing installed base.

The Group was also actively looking to collaborate with global med-tech conglomerates in order to boost the penetration of its self-owned products. In June 2021, the Group reached an important milestone by collaborating with Philips (China) Investment Co., Ltd. ("Philips"), regarding the resale of high flow heated respiratory humidifiers and related consumables in Mainland China. Given Philips' established presence in both hospital and home-use medical device markets, the Group is looking forward to working together with Philips in capturing a larger market share.

During the Period, the Group has also made progress in seeking the clearance from the Food and Drug Administration of the US for its O2FLO and VHB Humidifier, and is now working towards obtaining the 510(k) clearance for the VHB Humidifier in 2021, and to introduce the O2FLO in the US in 2022. In addition, the Group has also made considerable progress in product registrations for selective countries in Latin America and Asia.

Sales from the respiratory products segment declined organically by 43.6% YoY, as a result of the changing COVID-19 dynamic. Segment gross margin also decreased from 50.9% to 39.3%, primarily due to the change in product mix and lower production volume. Specifically for O2FLO, its revenue decreased to HK\$30.8 million, yet sales of its dedicated disposables and accessories saw a mild growth of 8.5% YoY to HK\$26.3 million, attributable to the growing installed base as well as the resilient demand for such dedicated disposables. For VHB Humidifier, its sales decreased to HK\$11.8 million, as demand for intensive care unit ventilators related devices and disposables has normalised during the Period.

Imaging disposable products segment

During the Period, revenue from the imaging disposable products segment continued to record a steady growth of 19.9% YoY to HK\$100.2 million (1H2020: HK\$83.6 million). The Group was seeing growing order intake across all product categories, including fluid delivery systems and disposables such as syringes and tubing sets for computerised tomography scans, magnetic resonance imaging and cardiovascular scans. Segment gross margin decreased from 31.7% to 27.9%, primarily due to the increase in raw material costs that were yet to pass on to customers during the Period.

Orthopaedic and rehabilitation products segment

The Group saw a recovery for its orthopaedic and rehabilitation products segment in 1H2021 with segment revenue increased by 78.7% to HK\$37.6 million (1H2020: HK\$21.0 million), attributable to the resumption of non-essential surgeries during the Period, together with the strong backlog of orthopaedic surgeries and treatments at hospitals, laying a solid foundation for growth. Segment gross margin also improved from 28.6% to 30.9% due to the increase in production efficiency.

Outlook

Looking ahead to the second half of 2021, the more infectious COVID-19 variants are certainly impacting countries with low vaccination coverage. The Group will remain focused on supporting patients by delivering its respiratory products to countries that are in high demand during the pandemic.

Mr. Choi Man Shing, Chairman of Vincent Medical, said “We believe high flow oxygen therapy has a broader usage and clinical advantages that go beyond COVID-19. To fast-track penetration, the Group will strive to materialise its various collaborations with partners, and aim to provide integrated respiratory intensive care unit solutions to patients. Going forward, we will continue to strengthen our core competencies by further expanding our products portfolio, broadening our market reach and paying extra effort on innovation and collaborations with key partners. We have the utmost confidence in reaping the benefits of our ‘device+disposables’ strategy, and to provide fruitful returns to our shareholders”

– END –

About Vincent Medical Holdings Limited (Stock code: 1612)

Established in 1997, Vincent Medical Holdings Limited is a Hong Kong-headquartered medical device manufacturing group. 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, sleep ventilators, 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.