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PROFIT WARNING

This announcement is made by Vincent Medical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2021 (the “**Period**”), as well as the information currently available to the Company, the profit attributable to owners of the Company for the Period is expected to decrease by around 55.0%, as compared to HK\$91.8 million for the six months ended 30 June 2020. Such decrease was mainly caused by:

(i) Reduction in revenue due to the absence of one-time COVID-19 related orders

With the rollout of global vaccination campaign, along with the rationalisation of medical device supply chain in 2021, demand for respiratory devices were returned to a normal level when comparing with the panic buying and national stock piling of medical supplies that the Group observed in 2020. Nevertheless, the drop in revenue from the respiratory products segment is partially offset by the recovery of the orthopaedic and rehabilitation products segment, as well as the steady growth in the imaging disposable products segment. It is worth noting that the revenue for the Period was 50.4% higher than that of the corresponding period in 2019, before the COVID-19 pandemic.

The segmental revenue by business segment for the Period is summarised as below:

	For the six months ended 30 June		
	(unaudited)		
	2021	2020	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Respiratory products	205.1	363.4	104.0
Imaging disposable products	100.2	83.6	76.7
Orthopaedic and rehabilitation products	37.6	21.0	42.0
Other products	27.8	34.3	23.8
Total	370.7	502.3	246.5

(ii) Decrease in gross profit margin

During the Period, the significant increase in the purchase costs of major raw materials (mainly medical-grade resins, medical adhesives and printed circuit board) and the appreciation of Renminbi put pressure on the Group's gross profit margin. In addition, the change in product mix with lower sales from higher-margin medical devices and the decrease in total revenue (as explained above) has also led to operating deleverage and decrease in gross profit margin.

(iii) Absence of waiver on employer contributions to China's Social Security Schemes

In 2020, the Ministry of Human Resources and Social Security of the People's Republic of China implemented various temporary measures to ease enterprises' cashflow constraints, and that included the reduction/waiver of the employer contributions to social security schemes. The absence of such measures during the Period has since increased the Group's administrative expenses as a percentage to the Group's revenue.

As at the date of this announcement, the Company is still in the process of finalising the interim results of the Group for the Period. The information contained herein is only based on a preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group for the Period and the unaudited information currently available to the Board, which have not been confirmed or reviewed by the audit committee of the Company and have not been audited or reviewed by the Company's auditor. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the Period which will be published before the end of August 2021 pursuant to the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 July 2021

As at the date of this announcement, the Board 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.