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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 2022 (the “**Period**”), as well as the information currently available to the Company, it is expected that the Group is likely to record an unaudited consolidated net loss attributable to owners of the Company within the range of HK\$40.0 million to HK\$45.0 million for the Period, as compared to an unaudited consolidated profit attributable to owners of the Company of approximately HK\$41.9 million for the six months ended 30 June 2021.

The Directors are of the preliminary view that the expected consolidated net loss is attributable to:

- (i) **Substantial increase in the allowance for slow-moving and/or obsolete inventories**
During 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 had increased the inventory level for some highly-tailored raw materials to cater for the then growing demand.

During the Period, the performance of the Group's respiratory products segment fell short of the Group's earlier forecasts (as explained further below) and thus the relevant inventories had been moving much slower than the Group expected. Assessed on a prudent basis and 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\$43.0 million was made during the Period.

(ii) Decrease in revenue from the respiratory products segment

As the current COVID strains shows less mortality, coupled with a higher global vaccination rate, patients that require critical care have been greatly reduced and hospital spending has also shown an overall down trend during the Period. Hence, revenue of the respiratory products segment decreased by 40.5% year-on-year during the Period, as a result of the weakening one-off effects in connection with the pandemic.

Revenue by business segment for the Period is summarised as below:

	For the six months ended 30 June	
	(unaudited)	
	2022	2021
	HK\$'000	HK\$'000
Respiratory products	122,043	205,091
Imaging disposable products	92,555	100,248
Orthopaedic and rehabilitation products	35,168	37,589
Other products	30,965	27,776
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Total	280,731	370,704
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(iii) Decrease in gross profit margin

As a result of the decrease in sales and production volume of the Group's respiratory products, its gross profit margin has suffered a decline as a result of the change in product mix and the fixed production overhead and direct cost incurred by the Group. In addition, the COVID-19 prevention and control measures in the PRC and other countries, together with the shortage of global logistic capacity and 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.

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 2022 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, 4 August 2022

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.