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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 year ended 31 December 2022 (the “**Year**”), as well as the information currently available to the Company, the Group is expected to record an unaudited consolidated net loss attributable to owners of the Company within the range of HK\$15.0 million to HK\$20.0 million for the Year, as compared to an audited consolidated profit attributable to owners of the Company of approximately HK\$60.7 million for the year ended 31 December 2021.

The narrowed loss, as compared to the net loss of approximately HK\$44.4 million recorded for the six months ended 30 June 2022, is primarily attributable to the decrease in allowance for inventories due to increased market demand for the Group’s respiratory devices and product price adjustments in the second half of 2022.

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

In the past three years, 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 of the Group's O2FLO device.

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. 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\$35.0 million was made during the Year.

(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, with hospital spending also demonstrating an overall down trend during the Year. Hence, revenue of the respiratory products segment decreased by 41.2% year-on-year.

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

	For the year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Respiratory products	251,488	427,857
Imaging disposable products	238,021	213,790
Orthopaedic and rehabilitation products	69,064	79,047
Other products	70,669	57,026
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Total	629,242	777,720
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(iii) Continued investment in research and development, regulatory and quality assurance

In order to capture the massive opportunities in the fast-evolving medical device industry, as well as to go above and beyond offering traditional contract manufacturing services, the Group continued to spend considerable resources during the Year in technology innovation, process development, commercial manufacturing, regulatory and quality assurance despite the drop in revenue and gross profit.

As at the date of this announcement, the Company is still in the process of finalising the annual results of the Group for the Year. 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 Year 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 annual results announcement of the Company for the Year which will be published before the end of March 2023 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, 13 February 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.