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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF LAND USE RIGHTS

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 28 June 2023, VM Guangdong, an indirect wholly-owned subsidiary of the Company, has 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 at the Consideration of RMB28.16 million (equivalent to approximately HK\$31.01 million). The Land is located in Kaiping City, Jiangmen City, Guangdong Province, the PRC and 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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 June 2023, VM Guangdong, an indirect wholly-owned subsidiary of the Company, has 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 at the Consideration of RMB28.16 million (equivalent to approximately HK\$31.01 million).

PRINCIPAL TERMS OF THE ACQUISITION

The Transfer Agreement in respect of the transfer of the land use rights of the Land, which sets out the terms of the Acquisition, is expected to be entered into on or around 30 June 2023.

Based on the notice issued by Jiangmen Public Resources Trading Centre* (江門市公共資源交易中心) and Kaiping Branch of Jiangmen Public Resources Trading Centre* (江門市公共資源交易中心開平分中心) on 28 June 2023 to notify VM Guangdong that it has successfully won the bid for the land use rights of the Land, the listing information of the Land published on the website by Jiangmen Public Resources Trading Centre* (江門市公共資源交易中心) and Kaiping Branch of Jiangmen Public Resources Trading Centre* (江門市公共資源交易中心開平分中心), and communication between the Group and the Committee, the principal terms of the Transfer Agreement to be entered into are expected to be as follows:

Expected date of the Transfer Agreement:	30 June 2023
Parties:	(1) the Bureau of Land and Resources of Kaiping (開平市自然資源局), a governmental body in the PRC (as the vendor); and (2) VM Guangdong (as the purchaser)
Location of the 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)
Term of grant:	50 years
Total site area of the Land:	Approximately 67,000 sq. m.
Permitted plot ratio	2.5 < plot ratio ≤ 4.0
Nature of the land use rights:	Industrial use
Consideration:	RMB28.16 million (equivalent to approximately HK\$31.01 million). The Group had paid RMB8.45 million (equivalent to approximately HK\$9.31 million) as deposit for the listing-for-sale of the Land, which will form part of the payment of the Consideration in relation to the Acquisition. The remaining balance of the Consideration shall be settled within 30 days from the date of signing the Transfer Agreement

Consideration

The Consideration represents the bid price submitted by VM Guangdong for the land use rights of the Land and was arrived at as a result of successful bidding of the Land by VM Guangdong. In determining the bid price (i.e. the Consideration), the Directors have taken into account the base price of the bidding, current market conditions, location of the Land, and land price(s) in the surrounding area. The Directors are of the view that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Consideration shall be funded by the internal resources of the Group.

Other Arrangements

As 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, in connection with the Acquisition, the Group and the Committee has entered/ will enter into certain investment agreement and supervision agreement in relation to the Land, pursuant to which, it is expected that the Group shall: (i) commence construction on the Land within three months from the date of signing the Transfer Agreement and complete the construction within 17 months from the commencement date of the construction; (ii) invest not less than RMB1,000 million for the development of the Land, in which the investment amount for fixed assets shall not be less than RMB550 million; (iii) commence production within six months from the completion date of the construction; (iv) achieve the target annual production output of RMB650 million within two years from the commencement date of the production; and (v) achieve the target annual taxation of RMB30 million.

REASONS AND BENEFITS OF THE ACQUISITION

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.

As set out in the 2022 annual report of the Company, the Group had reviewed its existing operational infrastructure and sees the importance to expand its production capabilities and enhance its efficiency and flexibility. The Land is located in the Industrial Park in Cuishanhu New District, Kaiping City, Jiangmen City, one of the key cities in the Guangdong-Hong Kong-Macao Greater Bay Area. 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. The Board believes that the expanded capability brought about by 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.

The Acquisition and the construction of new production facility are in line with the Group's long-term strategic needs of expansion for sustainable development and growth. The Board is of the view that the Acquisition is on normal commercial terms, its terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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.

The Bureau of Land and Resources of Kaiping is a governmental institution responsible for, among others, the administration of the land resources in Kaiping City.

The Committee is a local governmental institution of the Industrial Park in Cuishanhu New District, Kaiping City.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Bureau of Land and Resources of Kaiping, the Committee and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER LISTING RULES

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the land use rights of the Land
“Board”	the board of the Directors
“Committee”	the Kaiping City Cuishanhu Industry Transfer Industrial Park Management Committee* (開平市翠山湖產業轉移工業園管理委員會)
“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 persons”	has the meaning ascribed thereto it under the Listing Rules
“Consideration”	RMB28.16 million, being the consideration for the Acquisition
“Director(s)”	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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau 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
“Transfer Agreement”	the relevant State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同) to be entered into between the Bureau of Land and Resources of Kaiping (開平市自然資源局) and VM Guangdong in relation to the transfer of land use rights of the Land
“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
“%”	per cent.

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

Hong Kong, 28 June 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, 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\$1.1012. 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