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**Vincent
Medical**

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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024,
RECOMMENDATION FOR
DECLARATION OF FINAL DIVIDEND
AND
CLOSURE OF REGISTER OF MEMBERS**

HIGHLIGHTS

- ✧ The Group reported a revenue growth of 11.6% for the year ended 31 December 2024 (“**2024**” or the “**Year**”), reaching HK\$801.0 million.
- ✧ Revenue from the imaging disposable products segment increased by 37.7% to HK\$393.3 million, attributable to strengthening collaboration with the key customer along with the expanding global medical diagnostic imaging market.
- ✧ Profit for the Year increased by 21.8% to HK\$70.9 million (year ended 31 December 2023 (“**2023**”): HK\$58.2 million). Net profit margin increased to 8.9% (2023: 8.1%).
- ✧ Continued to maintain sharp focus on quality and compliance. Obtained the European Union Medical Device Regulation (“**EU MDR**”) certification for its quality management system and various respiratory disposables series and devices.
- ✧ Introduced initiatives to drive efficiency enhancement, such as optimisation of procurement channel, substitution of raw materials, and upgrade of enterprise resource planning system (the “**ERP System**”).
- ✧ The Board has resolved to declare a final dividend of HK1.7 cents (2023: HK1.5 cents) per share for the Year. Together with an interim dividend of HK1.6 cents (2023: HK1.25 cents) per share, total dividend for 2024 reached HK3.3 cents (2023: HK2.75 cents) per share, in line with the dividend policy of the Company.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	800,963	717,973
Cost of sales		<u>(540,971)</u>	<u>(477,586)</u>
Gross profit		259,992	240,387
Other income, other gains and losses	5	1,476	(548)
Selling and distribution expenses		(39,238)	(38,928)
Administrative expenses		(111,962)	(99,068)
Research and development expenses		<u>(30,599)</u>	<u>(36,063)</u>
Profit from operations		79,669	65,780
Finance costs	7	(1,362)	(1,682)
Share of (losses)/profits of associates		(307)	2,701
Share of (losses)/profits of joint ventures		<u>(21)</u>	<u>116</u>
Profit before tax		77,979	66,915
Income tax expense	8	<u>(7,083)</u>	<u>(8,707)</u>
Profit for the year	9	<u>70,896</u>	<u>58,208</u>
Attributable to:			
Owners of the Company		69,167	57,275
Non-controlling interests		<u>1,729</u>	<u>933</u>
		<u>70,896</u>	<u>58,208</u>
Earnings per share	11		
Basic		<u>HK10.75 cents</u>	<u>HK8.87 cents</u>
Diluted		<u>n/a</u>	<u>n/a</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	<u>70,896</u>	<u>58,208</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income (“FVTOCI”)	<u>(1,829)</u>	<u>2,327</u>
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(11,101)</u>	<u>(6,539)</u>
Other comprehensive income for the year, net of tax	<u>(12,930)</u>	<u>(4,212)</u>
Total comprehensive income for the year	<u>57,966</u>	<u>53,996</u>
Attributable to:		
Owners of the Company	56,924	53,287
Non-controlling interests	<u>1,042</u>	<u>709</u>
	<u>57,966</u>	<u>53,996</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		220,513	101,200
Right-of-use assets		49,773	47,816
Other intangible assets		7,712	4,826
Investments in associates		2,396	2,701
Investments in joint ventures		1,955	3,317
Equity investments at FVTOCI		24,973	26,802
Non-current deposits		24,446	26,002
Deferred tax assets		260	1,295
Total non-current assets		332,028	213,959
Current assets			
Inventories		162,721	173,848
Trade receivables	12	169,332	172,394
Contract assets		31,613	14,820
Prepayments, deposits and other receivables		50,551	35,804
Bank and cash balances		173,440	175,784
Total current assets		587,657	572,650
TOTAL ASSETS		919,685	786,609
EQUITY AND LIABILITIES			
Share capital		6,533	6,533
Reserves		572,020	535,310
Equity attributable to owners of the Company		578,553	541,843
Non-controlling interests		4,806	1,248
Total equity		583,359	543,091

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Borrowings		53,853	—
Lease liabilities		6,226	1,839
Deferred tax liabilities		4,307	5,052
		<hr/>	<hr/>
Total non-current liabilities		64,386	6,891
		<hr/>	<hr/>
Current liabilities			
Borrowings		26,306	21,046
Lease liabilities		13,264	14,500
Trade payables	13	41,601	59,858
Other payables and accruals		170,567	115,725
Current tax liabilities		20,202	25,498
		<hr/>	<hr/>
Total current liabilities		271,940	236,627
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		919,685	786,609
		<hr/>	<hr/>
Net current assets		315,717	336,023
		<hr/>	<hr/>
Total assets less current liabilities		647,745	549,982
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 19 November 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business in Hong Kong is Units 1604-07A, 16/F., Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing, trading, and research and development ("**R&D**") of medical devices.

Vincent Raya International Limited, a company incorporated in the British Virgin Islands, is the ultimate parent of the Company. Mr. Choi Man Shing and Ms. Liu Pui Ching are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of revised HKFRSs

The Group has applied the following amendments to HKFRSs and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."

"Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised HKFRSs in issue but not yet effective

Up to the date of this announcement, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Directors are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application.

4. REVENUE

The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by product category, geographical market and timing of revenue recognition.

	OEM		OBM		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By product category						
Imaging disposable products	393,262	285,570	–	–	393,262	285,570
Respiratory products	83,919	72,209	161,619	202,644	245,538	274,853
Orthopaedic and rehabilitation products	42,361	48,895	7,867	9,809	50,228	58,704
Other products	111,935	98,846	–	–	111,935	98,846
	<u>631,477</u>	<u>505,520</u>	<u>169,486</u>	<u>212,453</u>	<u>800,963</u>	<u>717,973</u>
By geographical market						
The United States (the “US”)	286,137	251,987	6,599	7,732	292,736	259,719
Spain	254,422	167,660	2,172	1,078	256,594	168,738
The People's Republic of China (the “PRC”)	363	292	74,820	116,697	75,183	116,989
Japan	14,644	13,782	36,182	33,480	50,826	47,262
The Netherlands	19,170	19,694	2,407	1,771	21,577	21,465
Sweden	14,579	8,811	–	–	14,579	8,811
Australia	11,348	8,681	1,622	1,088	12,970	9,769
Germany	7,973	3,562	2,133	1,581	10,106	5,143
Costa Rica	10,072	13,455	–	–	10,072	13,455
Others	12,769	17,596	43,551	49,026	56,320	66,622
	<u>631,477</u>	<u>505,520</u>	<u>169,486</u>	<u>212,453</u>	<u>800,963</u>	<u>717,973</u>
By timing of revenue recognition						
Products transferred at a point in time	238,215	219,950	169,486	212,453	407,701	432,403
Products transferred over time	393,262	285,570	–	–	393,262	285,570
	<u>631,477</u>	<u>505,520</u>	<u>169,486</u>	<u>212,453</u>	<u>800,963</u>	<u>717,973</u>

The following table provides information about receivables and contract assets from contracts with customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receivables, which are included in “trade receivables”	169,332	172,394
Contract assets	<u>31,613</u>	<u>14,820</u>

Contract assets primarily consist of unbilled amount resulting from sales of OEM products transferred over time. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The increase in contract assets for the year ended 31 December 2024 was result of the increase in performance obligations partially satisfied for sales of OEM products at the year end.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Government subsidies	1,281	927
Interest income	1,203	697
Sundry income	<u>957</u>	<u>527</u>
	<u>3,441</u>	<u>2,151</u>
Other gains and losses		
Exchange gains, net	2,868	483
Gain on derecognition of a lease contract	–	4
Gain on disposal of property, plant and equipment	–	453
Impairment of investment in a joint venture	(1,152)	(1,660)
Impairment of trade receivables	(2,766)	(1,087)
Reversal of impairment of trade receivables	152	–
Write off of prepayments and deposits	–	(817)
Write off of property, plant and equipment	<u>(1,067)</u>	<u>(75)</u>
	<u>(1,965)</u>	<u>(2,699)</u>
Total	<u>1,476</u>	<u>(548)</u>

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Group that make strategic and operating decisions.

Directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. From business model perspective, management assesses the performance of two operating segments, which are original equipment manufacturing (“OEM”) and original brand manufacturing (“OBM”).

- OEM represents “original equipment manufacturing”, whereby products are manufactured in accordance with the customer’s specification for sale under the customer’s or third party’s brand.
- OBM represents “original brand manufacturing”, comprising research, development, manufacturing, marketing and sales of medical devices under “Inspired Medical”, “inspired™” and “Hand of Hope” brands.

Segment profits or losses do not include interest income, interest expenses, exchange gains/losses, equity-settled share-based payments, share of profits/losses of associates, share of profits/losses of joint ventures, impairment of investment in a joint venture, corporate income and corporate expenses.

Segment assets and liabilities of the Group are not reported to the directors of the Group regularly. As a result, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

Information about reportable segment profit or loss:

	OEM HK\$'000	OBM HK\$'000	Total HK\$'000
Year ended 31 December 2024			
Revenue from external customers	631,477	169,486	800,963
Segment profit/(loss)	102,631	(2,230)	100,401
Depreciation and amortisation	28,195	8,373	36,568
Allowance for inventories	–	7,360	7,360
Cost of inventories sold	437,531	93,026	530,557
Impairment of trade receivables	1,432	1,334	2,766
Provision of warranties	–	27	27
Reversal of impairment of trade receivables	–	152	152
Staff costs	144,186	54,576	198,762
Write off of inventories	–	3,054	3,054
Write off of property, plant and equipment	194	873	1,067
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Year ended 31 December 2023

Revenue from external customers	505,520	212,453	717,973
Segment profit	84,871	5,677	90,548
Depreciation and amortisation	24,875	13,456	38,331
Allowance for inventories	–	4,678	4,678
Cost of inventories sold	352,109	120,012	472,121
Gain on disposal of property, plant and equipment	–	453	453
Impairment of trade receivables	–	1,087	1,087
Provision of warranties	–	176	176
Reversal of provision of warranties	–	1,886	1,886
Staff costs	110,933	66,722	177,655
Write off of inventories	–	787	787
Write off of prepayments and deposits	817	–	817
Write off of property, plant and equipment	32	43	75
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Reconciliation of reportable segment revenue and profit or loss:

	2024 HK\$'000	2023 HK\$'000
Revenue		
Total revenue of reportable segments	800,963	717,973
Profit or loss		
Total profit or loss of reportable segments	100,401	90,548
Interest income	1,203	697
Interest expenses	(1,362)	(1,682)
Exchange gains, net	2,868	483
Equity-settled share-based payments	(943)	(1,877)
Share of (losses)/profits of associates	(307)	2,701
Share of (losses)/profits of joint ventures	(21)	116
Impairment of investment in a joint venture	(1,152)	(1,660)
Corporate income	1,517	1,060
Corporate expenses	(24,225)	(23,471)
Consolidated profit before tax	77,979	66,915

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding equity investments at FVTOCI and deferred tax assets) by location of assets are detailed below:

	Revenue 2024 HK\$'000	2023 HK\$'000
The US	292,736	259,719
Spain	256,594	168,738
The PRC	75,183	116,989
Japan	50,826	47,262
The Netherlands	21,577	21,465
Sweden	14,579	8,811
Australia	12,970	9,769
Germany	10,106	5,143
Costa Rica	10,072	13,455
Others	56,320	66,622
	800,963	717,973

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	8,198	14,416
The PRC	297,500	170,783
Spain	–	43
Japan	1,097	620
	306,795	185,862

Revenue from a major customer:

	2024	2023
	HK\$'000	HK\$'000
OEM segment		
Customer A	404,976	295,789

7. FINANCE COSTS

	2024	2023
	HK\$'000	HK\$'000
Interest expenses on lease liabilities	309	506
Interest on borrowings	1,187	1,176
Total borrowing costs	1,496	1,682
Amount capitalised	(134)	–
	1,362	1,682

8. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	8,199	5,891
Over-provision in prior years	(5,375)	(25)
	<u>2,824</u>	<u>5,866</u>
Current tax – the PRC		
Provision for the year	2,220	2,880
Under/(over)-provision in prior years	37	(134)
	<u>2,257</u>	<u>2,746</u>
Current tax – Others		
Provision for the year	1,534	1,340
Under-provision in prior years	90	2
	<u>1,624</u>	<u>1,342</u>
Deferred tax	<u>378</u>	<u>(1,247)</u>
Income tax expense	<u><u>7,083</u></u>	<u><u>8,707</u></u>

Under the two-tiered profits tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

Under the Corporate Income Tax Law of the PRC which became effective from 1 January 2008, the standard corporate income tax rate is 25% except for Vincent Medical (Dongguan) Mfg. Co. Ltd. (東莞永勝醫療製品有限公司) and Vincent Medical (Dongguan) Technology Company Limited (東莞永昇醫療科技有限公司) which are qualified as High and New Tech Enterprise and would be entitled to a reduced corporate income tax rate of 15%. The relevant tax rates of the Company's PRC subsidiaries range from 15% to 25%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. PROFIT FOR THE YEAR

The Group's profit for the Year is stated after charging/(crediting) the followings:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Allowance for inventories (included in cost of sales)	7,360	4,678
Amortisation of other intangible assets	2,632	2,870
Auditor's remuneration		
– Audit services	2,301	2,083
– Non-audit services	293	466
	<u>2,594</u>	<u>2,549</u>
Cost of inventories sold (<i>Note</i>)	530,557	472,121
Depreciation of property, plant and equipment	19,570	19,315
Depreciation expenses of right-of-use assets		
– Depreciation of right-of-use assets	14,994	16,467
– Amount capitalised	(628)	(321)
	<u>14,366</u>	<u>16,146</u>
Equity-settled share-based payments	943	1,877
Gain on disposal of property, plant and equipment (included in other gains and losses)	–	(453)
Impairment of investment in a joint venture (included in other gains and losses)	1,152	1,660
Impairment of trade receivables (included in other gains and losses)	2,766	1,087
Provision for warranties (included in cost of sales)	27	176
Reversal of provision for warranties (included in cost of sales)	–	(1,886)
Reversal of impairment of trade receivables (included in other gains and losses)	(152)	–
Write off of inventories (included in cost of sales)	3,054	787
Write off of prepayments and deposits (included in other gains and losses)	–	817
Write off of property, plant and equipment (included in other gains and losses)	<u>1,067</u>	<u>75</u>

Note:

Cost of inventories sold include staff costs of approximately HK\$120,200,000 (2023: HK\$103,791,000), depreciation of property, plant and equipment of approximately HK\$12,812,000 (2023: HK\$12,162,000) and depreciation expenses of right-of-use assets of approximately HK\$8,760,000 (2023: HK\$8,694,000), which are included in the amounts disclosed separately.

10. DIVIDEND

	2024 HK\$'000	2023 HK\$'000
2023 final dividend of HK1.5 cents per ordinary share	9,650	–
2024 interim dividend of HK1.6 cents (2023: 2023 interim dividend of HK1.25 cents) per ordinary share	<u>10,293</u>	<u>8,042</u>
	<u><u>19,943</u></u>	<u><u>8,042</u></u>

The 2023 final dividend of HK1.5 cents amounting to approximately HK\$9,800,000 has been approved and paid on 21 June 2024. This included the dividends of HK\$150,000 paid to shares held in trust under the share award scheme of the Company adopted on 2 December 2021.

The 2024 interim dividend of HK1.6 cents amounting to approximately HK\$10,453,000 has been approved and paid on 27 September 2024. This included the dividends of HK\$160,000 paid to shares held in trust under the share award scheme of the Company adopted on 2 December 2021.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK1.7 cents per share has been proposed by the Directors and is subject to approval by the Company's shareholders (the "Shareholders") at the forthcoming annual general meeting to be held on 21 May 2025 (the "AGM").

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data.

	2024 HK\$'000	2023 HK\$'000
Earnings		
Profit attributable to owners of the Company	<u>69,167</u>	<u>57,275</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	643,336	645,661
Effect of dilutive potential ordinary shares arising from share options issued by the Company (<i>Note</i>)	<u>n/a</u>	<u>n/a</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><u>n/a</u></u>	<u><u>n/a</u></u>

Note:

During the years ended 31 December 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

12. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	173,086	173,536
Allowance for doubtful debts	(3,754)	(1,142)
	<u>169,332</u>	<u>172,394</u>

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	61,139	64,091
31 to 60 days	49,452	54,048
61 to 90 days	38,953	31,315
Over 90 days	19,788	22,940
	<u>169,332</u>	<u>172,394</u>

13. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	25,259	37,275
31 to 60 days	5,988	12,676
Over 60 days	10,354	9,907
	<u>41,601</u>	<u>59,858</u>

MANAGEMENT DISCUSSION AND ANALYSIS

General economic conditions and business environment remained difficult during 2024. The combined effect of evolving market conditions, geopolitical uncertainties, changes in trade policies, sustained inflation, high interest rates, and other disruptions have not only dampened market sentiment, but also created notable uncertainties to the Group's operations. Despite the severe headwinds, the Group was able to deliver consistent revenue growth and profitability enhancement during the Year, further highlighting its resilient business model and the careful execution of strategic priorities.

The Group has put a strong emphasis on expediting digitalisation, automation and operations optimisation in 2024. The Group adopted and upgraded various business management systems, including the ERP System, product lifecycle management system, and the manufacturing execution system, in an attempt to streamline its workflow and improve its operational efficiency, as well as to prepare for the advanced manufacturing operation of its new R&D and production facility in Kaiping City, Jiangmen City, Guangdong Province, the PRC (the “**New Production Facility**”). Currently, the construction of the New Production Facility is proceeding according to schedule, with trial operations expected by the end of 2025.

In addition to operational improvement, the Group also continued to pursue and invest in product quality control and regulatory and commercial compliance, which are the building blocks of a responsible medical device manufacturer. During the Year, the Group passed a comprehensive review conducted by the Food and Drug Administration of the US, along with various on-site spot checks by the National Medical Products Administration of the PRC (the “**NMPA**”). The receipt of the EU MDR for the Group's various respiratory devices and disposables also represents a testament to the Group's commitment to quality and regulatory compliance.

IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells imaging disposable products on an OEM basis to one of the world's leading diagnostic imaging solutions providers. As a trusted partner, the Group supports the customer in the design and manufacturing of various contrast media injectors and disposables (e.g. syringes and accessories for injection systems), and remains an integral part of its growth strategy worldwide.

Attributable to the growing demand for early disease detection and technological advancements in imaging modalities, demand for medical diagnostic imaging services, along with diagnostic imaging disposables continued to increase in 2024. Facing an expanding market, the Group continued to foster a strong partnership with the key customer, and has successfully secured orders on new products and initiated new projects. Revenue from the imaging disposable products segment reached HK\$393.3 million for the Year, representing a 37.7% increase from HK\$285.6 million in 2023, accounting for 49.1% of the Group's total revenue. Segment gross profit margin increased marginally from 30.5% to 31.6%, attributable to the increasing economies of scale.

RESPIRATORY PRODUCTS SEGMENT

The respiratory products segment remains an integral part of the Group's product offering. However, due to weak global demand, the exit of certain key players from the sleep and mechanical ventilation market, as well as the absence of a respiratory disease outbreak in the PRC that was seen in early 2023, total revenue from the respiratory products segment decreased by 10.7% to HK\$245.5 million (2023: HK\$274.9 million), accounting for 30.6% of the Group's total revenue. The decrease was mainly due to the drop in revenue from its inspired™ respiratory products, reporting a 20.2% decrease in sales to HK\$161.6 million, partially offset by the increase in sales of OEM respiratory products.

Despite favourable exchange rate and optimised production flow that resulted in manufacturing efficiency enhancement, segment gross profit margin decreased marginally from 38.6% to 38.1% attributable to increase in allowance for inventories during the Year.

ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

As a result of growing macro uncertainties, certain customers in the US have also reshuffled their supply chain, strategically reducing their orders from overseas, putting pressure on the Group's orthopaedic and rehabilitation products segment. Hence, segment revenue reported a decrease of 14.4% from HK\$58.7 million to HK\$50.2 million, representing 6.3% of the Group's total revenue. Segment gross profit margin declined from 35.2% to 31.7%, primarily due to decreasing business scale and lower revenue.

OTHER PRODUCTS

Leveraging the Group's product innovation and manufacturing excellence, the Group continued to pursue a diversified strategy to capitalise on emerging market opportunities. Since 2023, the Group has extended its product offering to a broader range of medical devices and disposables, and healthcare and wellness products.

In 2024, revenue from other products segment increased by 13.2% from HK\$98.8 million to HK\$111.9 million, accounting for 14.0% of the Group's total revenue.

INVESTMENT AND COLLABORATION

External investments and collaborations have been one of the key means for the Group to expand its product offering, technological know-how and distribution channels. During the Year, the Group continued to support Inovytec Medical Solutions Limited (“**Inovytec**”) in the manufacturing of disposables for its Ventway portable ventilators. With the Ventway ventilator currently under the NMPA registration process, the Group remains optimistic about its future sales performance.

In the future, the Group will continue to allocate resources to R&D, as well as pursuing strategic investment and collaboration opportunities to fast-track its business development. This will be done by giving careful consideration to the business development needs, projected capital expenditure, and strength of the Group's financial position.

OUTLOOK

Looking ahead, uncertainties remain particularly given the dynamic macro environment. With geopolitical tension and trade protectionism on the rise, it is expected that trade policies and goods flow could drastically change; the varying economic recovery rates across different continents may also create difficulties in market penetration.

In order to navigate the turbulent market, the Group will maintain its diversified growth strategy by putting imaging disposable products and respiratory products at its core. While focusing on strengthening cooperation with business partners and creating more value for customers, the Group will also explore other business opportunities that can leverage its technical expertise and manufacturing excellence.

Meanwhile, the Group has seen satisfactory progress in its healthcare and wellness business. With Internet of Things (IoT) wearables already in the pipeline, the Group will continue to keep a keen eye on new technologies and to explore how artificial intelligence (AI) can be used in its products, so that it can further expand its product and service portfolio.

To support the aforementioned initiatives, the Group will continue to drive the development of the New Production Facility, which remains on track for trial operations by the end of 2025. The added capacity and capability should also support the Group to acquire additional manufacturing intellectual properties in the future, thereby strengthening its value proposition for both current and potential customers. The Group will also maintain stringent cost control and prudent financial management to ensure business sustainability and maximise business and Shareholders' returns.

FINANCIAL REVIEW

REVENUE

Total revenue for the Year amounted to HK\$801.0 million (2023: HK\$718.0 million), representing an increase of 11.6% year-on-year, mainly attributable to the increase in orders from the imaging disposable products segment, along with the increasing contribution from healthcare and wellness products, more than offsetting the decrease in revenue from the respiratory products segment and the orthopaedic and rehabilitation products segment.

The Group's geographic revenue distribution became increasingly diversified. The US market accounted for 36.5% (2023: 36.2%) of total revenue, while sales to Spain increased by 52.1% and accounted for 32.0% (2023: 23.5%) of total revenue, primarily attributable to the shift in customers' supply chain. Sales to the PRC decreased by 35.7% to HK\$75.2 million and accounted for 9.4% (2023: 16.3%) of total revenue, attributable to lower demand for respiratory products in the PRC.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased by 8.2% to HK\$260.0 million (2023: HK\$240.4 million). Gross profit margin decreased from 33.5% to 32.5%, as a result of changes in product mix and the increase in allowance for slow-moving inventories from HK\$4.7 million to HK\$7.4 million.

OTHER INCOME, OTHER GAINS AND LOSSES

Other income, other gains and losses increased by HK\$2.0 million from net losses of HK\$0.5 million to net gains of HK\$1.5 million, as the increase in exchange gains recognised has more than offset the increase in impairment losses and write-offs incurred during the Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased marginally by 0.8% to HK\$39.2 million (2023: HK\$38.9 million). As a percentage of the Group's total revenue, such expenses decreased to 4.9% (2023: 5.4%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 13.0% to HK\$112.0 million (2023: HK\$99.1 million), accounting for 14.0% of the Group's total revenue (2023: 13.8%). The increase was primarily attributable to the upgrade costs of the Group's information technology and management systems.

RESEARCH AND DEVELOPMENT EXPENSES

During the Year, the Group continued to invest in product and technological innovation, as well as manufacturing and processes improvements. R&D expenses for the Year was HK\$30.6 million (2023: HK\$36.1 million), corresponding to 3.8% (2023: 5.0%) of the Group's total revenue.

INCOME TAX EXPENSE

During the Year, the Group recorded an income tax expense of HK\$7.1 million (2023: HK\$8.7 million). The decrease was due to the reversal of income tax provision for a wholly-owned subsidiary in Hong Kong.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of HK\$69.2 million (2023: HK\$57.3 million).

PROPERTY, PLANT AND EQUIPMENT

The Group incurred capital expenditure of HK\$142.4 million (2023: HK\$21.3 million) during the Year, and as at 31 December 2024, property, plant and equipment was HK\$220.5 million (2023: HK\$101.2 million). The increase was primarily attributable to the construction of the New Production Facility.

As at 31 December 2024, the Group had capital commitments contracted but not provided for of HK\$118.8 million (2023: HK\$170.6 million), mainly for the construction of the New Production Facility.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2024, right-of-use assets and lease liabilities amounted to HK\$49.8 million (2023: HK\$47.8 million) and HK\$19.5 million (2023: HK\$16.3 million), respectively. The change was primarily attributable to additions, modifications and depreciation of right-of-use assets and lease rental paid for the Year.

INVENTORIES

Inventories as at 31 December 2024 was HK\$162.7 million (2023: HK\$173.8 million). Despite the increase in revenue, the inventory level remained stable as a result of stringent inventory policies.

TRADE RECEIVABLES

As at 31 December 2024, the Group's trade receivables was HK\$169.3 million (2023: HK\$172.4 million). The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing its credit exposure.

CONTRACT ASSETS

As at 31 December 2024, contract assets amounted to HK\$31.6 million (2023: HK\$14.8 million), primarily attributable to the growth of the imaging disposable products segment during the Year.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2024, prepayments, deposits and other receivables increased to HK\$75.0 million (2023: HK\$61.8 million), primarily due to the increase in value-added tax receivables.

TRADE PAYABLES

As at 31 December 2024, the Group's trade payables was HK\$41.6 million (2023: HK\$59.9 million). The decrease was primarily attributable to the faster pace of settlement to suppliers in the PRC.

OTHER PAYABLES AND ACCRUALS

As at 31 December 2024, other payables and accruals increased to HK\$170.6 million (2023: HK\$115.7 million), mainly due to the increase in provision for the construction costs of the New Production Facility.

LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

During the Year, the Group continued to maintain a healthy financial position amid the fluctuating macroenvironment. Bank and cash balances as at 31 December 2024 was HK\$173.4 million (2023: HK\$175.8 million). The Group held cash and bank balances mainly denominated in Hong Kong dollars (“**HKD**”), US dollars (“**USD**”), Renminbi (“**RMB**”) and Japanese Yen (“**JPY**”). Overall, the Group maintained a robust current ratio of 2.2 times (2023: 2.4 times).

As at 31 December 2024, total interest-bearing borrowings amounted to HK\$80.2 million (2023: HK\$21.0 million). The increase was primarily due to borrowings raised to finance the construction of the New Production Facility. The majority of these borrowings were denominated in HKD and RMB, and interest rates applied were primarily subject to floating rate terms.

As at 31 December 2024, the Group had unutilised bank facilities of HK\$487.0 million (2023: HK\$93.9 million).

HUMAN RESOURCES

As at 31 December 2024, the Group has a total of 1,328 full-time employees (2023: 1,264). The remuneration of employees is generally reviewed on an annual basis in accordance with individual performance, qualifications, the Group’s financial performance and market conditions. The Group provides year-end double pay, discretionary performance-based bonuses, medical insurance and social security funds to retain and attract high-calibre.

During the Year, staff costs including Directors’ emoluments amounted to HK\$214.4 million (2023: HK\$194.3 million), representing 26.8% (2023: 27.1%) of the Group’s total revenue.

CAPITAL STRUCTURE

As at 31 December 2024, the issued share capital of the Company was approximately HK\$6.5 million (2023: approximately HK\$6.5 million), comprising 653,336,332 shares of the Company (the “**Shares**”) (2023: 653,336,332 Shares) of nominal value of HK\$0.01 per Share.

SIGNIFICANT INVESTMENT

As at 31 December 2024, the Company considered that the following equity investment at FVTOCI is significant in nature:

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				2024	2023	2024	2023
Inovytect	An Israeli company that develops medical devices with a focus on routine and emergency respiratory and cardiac failures.	13.68%	US\$3.0 million (equivalent to HK\$23.4 million)	US\$3.2 million (equivalent to HK\$25.0 million)	US\$3.4 million (equivalent to HK\$26.8 million)	2.7%	3.4%

For additional information regarding the performance during the Year and prospects of the above significant investment, please refer to the paragraph headed “Investment and Collaboration” above.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

CHARGES ON THE GROUP’S ASSETS

Other than property, plant and equipment of HK\$132.7 million (2023: HK\$Nil) and right-of-use assets of HK\$30.4 million (2023: HK\$Nil) pledged as security for the Group’s borrowings raised to finance the construction of the New Production Facility, as at 31 December 2024, none of the assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

While some of the Group’s costs and expenses are denominated in RMB, there was a substantial amount of sales denominated in USD and JPY given the export-oriented nature of the Group’s business. Thus, any appreciation of RMB against USD and JPY may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group’s profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have contingent liabilities.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Wednesday, 21 May 2025. A notice convening the AGM, which constitutes part of the circular to the Shareholders, will be issued and disseminated to the Shareholders in due course.

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK1.7 cents (2023: HK1.5 cents) per Share for the Year to the Shareholders whose names appear on the register of members of the Company on Monday, 2 June 2025. Together with an interim dividend of HK1.60 cents per Share paid to the Shareholders on 27 September 2024 (2023: HK1.25 cents per Share paid to the Shareholders on 29 September 2023), the total dividend for 2024 reached HK3.3 cents (2023: HK2.75 cents) per Share, in line with the dividend policy of the Company. Subject to the passing of the relevant resolution at the AGM, it is expected that the proposed final dividend will be paid to the Shareholders on or around Friday, 20 June 2025.

CLOSURE OF REGISTER OF MEMBERS

- (1) For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 21 May 2025, the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, the Shareholders must lodge all transfer forms accompanied by the relevant share certificates (together the “**Share Transfer Documents**”) for registration no later than 4:30 p.m. on Thursday, 15 May 2025.
- (2) The record date for ascertaining the Shareholders’ entitlement to the proposed final dividend (subject to the approval of the Shareholders at the AGM) will be Monday, 2 June 2025. The register of members of the Company will be closed from Thursday, 29 May 2025 to Monday, 2 June 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish entitlements to the proposed final dividend, the Shareholders must lodge the Share Transfer Documents for registration no later than 4:30 p.m. on Wednesday, 28 May 2025.
- (3) The Share Transfer Documents shall be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to achieving and maintaining the highest possible standards of corporate governance, and strives to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and good corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group's corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

The Company has adopted the principles and code provisions set out in Corporate Governance Code (the “**CG Code**”) as contained in Part 2 of Appendix C1 to the Listing Rules and its subsequent amendments from time to time as its own code of corporate governance. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders. In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) RESPONSIBILITY

The Group adheres determinedly to the fundamental mission and values of engaging and aligning all stakeholders towards to the same goals and creating mutual values for better lives, and providing innovative, quality and reliable medical devices. The Group longs for the pursuit of sustainability, continuously incorporating environmental and social initiatives in our business. Further information about the sustainable development of the Group and our commitments, practices and performance in all ESG aspects will be disclosed in the Group's ESG report contained in the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding their transactions throughout the Year.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference which deal clearly with its authority and duties. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Au Yu Chiu Steven, Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung. Mr. Au Yu Chiu Steven is the chairman of the Audit Committee.

The Group's audited consolidated annual results for the Year have been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vincentmedical.com), respectively.

The 2024 Annual Report containing all the relevant information required by the Listing Rules and the relevant laws and regulations will be despatched to the Shareholders and available on above websites in due course.

APPRECIATION

The Board would like to thank all our stakeholders and business partners for their ongoing support, and our management and employees for their dedication and contributions to our progress.

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

Hong Kong, 19 March 2025

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, Dr. Leung Ming Chu 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.