



**Vincent  
Medical**

**VINCENT MEDICAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 1612



**INTERIM  
REPORT 2021**



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## BOARD OF DIRECTORS

### Executive Directors

Mr. CHOI Man Shing (*Chairman*)  
Mr. TO Ki Cheung (*Chief Executive Officer*)  
Mr. KOH Ming Fai  
Mr. FU Kwok Fu

### Non-executive Director

Mr. GUO Pengcheng

### Independent Non-executive Directors

Mr. MOK Kwok Cheung Rupert  
Mr. AU Yu Chiu Steven  
Prof. YUNG Kai Leung

## BOARD COMMITTEE

### Audit Committee

Mr. AU Yu Chiu Steven (*Chairman*)  
Mr. MOK Kwok Cheung Rupert  
Prof. YUNG Kai Leung

### Nomination Committee

Mr. CHOI Man Shing (*Chairman*)  
Mr. MOK Kwok Cheung Rupert  
Prof. YUNG Kai Leung

### Remuneration Committee

Mr. MOK Kwok Cheung Rupert (*Chairman*)  
Mr. CHOI Man Shing  
Prof. YUNG Kai Leung

### Risk Management Committee

Mr. KOH Ming Fai (*Chairman*)  
Mr. KWOK Kam Ming  
Ms. HU Fang  
Mr. ZHANG Changqing  
Mr. LAI Hoi Ming

### Environmental, Social and Governance Committee

Mr. FU Kwok Fu (*Chairman*)  
Mr. LAI Hoi Ming  
Ms. TSUI Lai Ki Vicki

## COMPANY SECRETARY

Ms. TSUI Lai Ki Vicki

## AUTHORISED REPRESENTATIVES

Mr. CHOI Man Shing  
Mr. TO Ki Cheung

## REGISTERED OFFICE

Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111, Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B2, 7th Floor, Phase 2,  
Hang Fung Industrial Building,  
2G Hok Yuen Street,  
Hung Hom, Kowloon, Hong Kong

## AUDITOR

RSM Hong Kong  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
29th Floor, Lee Garden Two,  
28 Yun Ping Road,  
Causeway Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111, Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

## INVESTOR RELATIONS CONTACTS

IR Department – Vincent Medical Holdings Limited  
Telephone : (852) 2365 5688  
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Email : [investors@vincentmedical.com](mailto:investors@vincentmedical.com)

## STOCK CODE

1612

## COMPANY WEBSITE

[www.vincentmedical.com](http://www.vincentmedical.com)

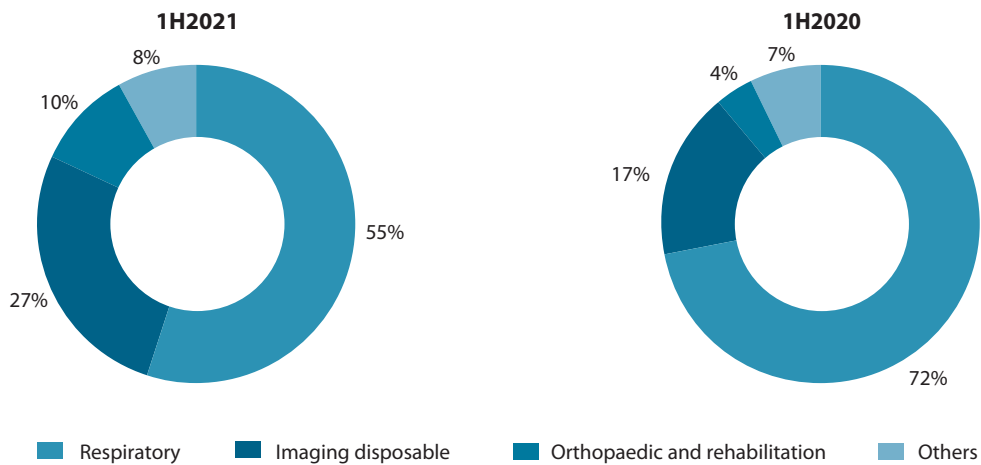




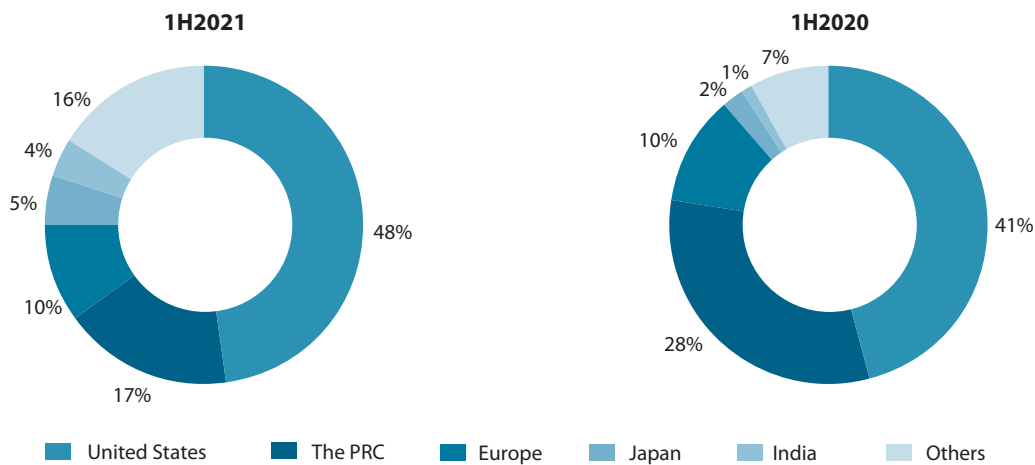
	Six months ended 30 June (unaudited)		
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	<b>370,704</b>	502,346	246,524
Gross profit	<b>125,691</b>	225,304	83,698
Profit for the period	<b>40,033</b>	109,476	15,510
Profit attributable to owners of the Company	<b>41,859</b>	91,842	13,667
Basic earnings per share (HK cents)	<b>6.42</b>	14.40	2.14
Dividend per share (HK cents)	<b>2.0</b>	nil	nil

## REVENUE ANALYSIS

### By Product Category



### By Geography





# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (“**1H2021**” or the “**Period**”), together with the comparative figures for the six months ended 30 June 2020 (“**1H2020**”). This report has been reviewed by RSM Hong Kong, the external auditor of the Company, and the Company’s audit committee (the “**Audit Committee**”).

The COVID-19 pandemic has undoubtedly brought tremendous business opportunities to the Group. However, after a year of exceptional growth, the Group believes it is now entering a phase of normalisation. Nonetheless, there is still a lot of uncertainty regarding the further development of the demand for products in connection with the COVID-19 pandemic, as there are countries where the infrastructure to deal with the changes in the pandemic remains challenging, but at the same time there are countries stocking up on medical supplies to prepare for the more contagious variants.

During the Period, by leveraging its established position in some of the fastest-growing segments within the respiratory care industry, the Group was able to enjoy notable progress on both market penetration and product registration, showcasing its excellence and resilience despite under the challenges such as lingering COVID-19 impact, tightening raw material supply and rising raw material costs.

Over the last few years, Vincent Medical has a focused agenda – to innovate and develop core technologies in the space of respiratory care; to create new products with the support of core technologies; and eventually, to promote the products in the global markets. With core technologies supporting key devices such as inspired™ O2FLO high flow respiratory humidifier (the “**O2FLO**”) and VHB series humidifiers (the “**VHB Humidifier**”) already in place, the Group has continued its strategic plan for market penetration during the Period.

Product registration is one of the key requirements before medical devices or disposables can be sold in the regional markets. Over the last six months, the Group has made progress in seeking the clearance from the Food and Drug Administration (“**FDA**”) of the United States (the “**US**”) for its O2FLO and VHB Humidifier, and is now working towards obtaining the 510(k) clearance for the VHB Humidifier in 2021 and to introduce the O2FLO in the US in 2022. In addition, the Group has also made considerable progress in product registrations for selective countries in Latin America and Asia.

In addition to product registration, it is also important to have an expansive distribution channel in order to quickly tap into the regional markets. Hence, riding on the Group’s core competency in O2FLO and humidification system, the Group was actively looking to collaborate with global med-tech conglomerates for the distribution of its self-owned products. In June 2021, the Group reached an important milestone, by collaborating with Philips (China) Investment Co., Ltd. (“**Philips**”) regarding the resale of high flow heated respiratory humidifiers and related consumables in Mainland China. Given Philips’ established presence in both hospital and home-use medical device markets, the Group is looking forward to working together with Philips in capturing a larger market share.



Vincent Medical also strived to promote and deliver its respiratory devices and disposables to other countries in Asia and entering into Latin America. In the recent wave of pandemic in India, the Group was honored to partner with various agencies and non-governmental organisations in facilitating the sourcing of medical aids and respiratory devices to be sent to India. Such experience has not only helped those in need, but is also beneficial to the Group, as it was able to boost its brand recognition while gaining valuable market insight for future market development.

On another note, the Group made strides in other business segments, such as its imaging disposable products. Supported by the introduction of new products for the segment, there was an accelerating revenue growth of 19.9% to HK\$100.2 million.

## Respiratory products segment

	Six months ended 30 June (unaudited)		
	2021 HK\$'000	2020 HK\$'000	Change
O2FLO	30,786	49,024	-37.2%
O2FLO disposables	26,308	24,239	+8.5%
VHB Humidifier	11,828	64,248	-81.6%
VHB Humidifier disposables	31,846	55,391	-42.5%
Other respiratory products	54,127	54,769	-1.2%
OEM respiratory products	50,196	115,751	-56.6%
<b>Total</b>	<b>205,091</b>	<b>363,422</b>	<b>-43.6%</b>

Benefited from the expanding reach of worldwide vaccination programs, there was a declining number of COVID-19 hospitalisations during the Period. Moreover, governments in developed countries have sand bagged with stock of ventilator supplies in 2020, this has in turn, led to a decrease in demand for the Group's respiratory products for both ventilator-related capital equipment and disposables. Compounded by the high comparative figures of last year, sales from the respiratory products segment declined organically by 43.6% as a result of the changing COVID-19 dynamic. Segment gross margin decreased from 50.9% to 39.3% primarily due to change in product mix and lower production volume.

Specifically, revenue generated from the sales of O2FLO decreased to HK\$30.8 million. Yet, sales of the dedicated disposables and accessories saw a mild growth of 8.5% to HK\$26.3 million, attributable to the growing installed base as well as the resilient demand for such dedicated disposables.

Albeit the market uncertainties brought by COVID-19, the Group continued to expand the installed base of O2FLO in selected markets, including Thailand, India and Latin American countries like Ecuador and Brazil. Notably, O2FLO has gained a dominant position in the Indian market with a growing installed base.

# MANAGEMENT DISCUSSION AND ANALYSIS

Sales of VHB Humidifier decreased to HK\$11.8 million as demand for the intensive care unit ventilators related devices and disposables has normalised during the Period. Some hospitals are now prioritising the use of excess ventilators and active humidifiers that were purchased in 2020 before making any additional orders. The sudden surge in demand in the second quarter of 2020 because of COVID-19 also proves to be a rather steep comparable figure. Nonetheless, the Group continued to make progress as it sought deeper and more comprehensive partnerships with various ventilator makers during the Period.

## Other respiratory products

Demand for other respiratory products continued to normalise during the Period, which led a decline in revenue of 1.2% to HK\$54.1 million, primarily due to lower sales of positive airway pressure device partially offset by higher sales of respiratory disposables.

## OEM respiratory products

During the Period, the sales of OEM respiratory products decreased by 56.6% to HK\$50.2 million, primarily due to the absence of one-time COVID-19 related orders of ventilator disposables in 1H2020.

## Imaging disposable products segment

The Group manufactures and sells its imaging disposable products on an OEM basis to a world-leading diagnostic imaging solutions provider. During the Period, revenue from the imaging disposable products segment continue to record a steady growth of 19.9% to HK\$100.2 million (1H2020: HK\$83.6 million). The Group is seeing growing order intake across all product categories, including fluid delivery systems and disposables such as syringes and tubing sets for use in computerised tomography scans, magnetic resonance imaging and cardiovascular scans. Segment gross margin decreased from 31.7% to 27.9% primarily due to an increase in raw material costs that were yet to pass on to customers during the Period.

## Orthopaedic and rehabilitation products segment

	Six months ended 30 June (unaudited)		
	2021 HK\$'000	2020 HK\$'000	Change
OBM orthopaedic and rehabilitation products	5,236	3,547	+47.6%
OEM orthopaedic and rehabilitation products	32,353	17,493	+84.9%
Total	37,589	21,040	+78.7%

During the Period, the Group saw a recovery from its orthopaedic and rehabilitation products segment, as a result of the relatively low comparable base in 1H2020. Last year, most patients either postponed or cancelled the non-essential surgeries due to the COVID-19 restrictions in which hospitals were on limited services. The resumption of such surgeries during the Period, together with the strong backlog of orthopaedic surgeries and treatments at hospitals, have laid a solid foundation for growth during the Period. Segment gross margin also improved from 28.6% to 30.9% due to the increase in production efficiency.



## Other products

Other products include infusion regulators, moulds, surgical disposables, patient warming blankets and plastic disposable products. Revenue from other products decreased by 19.0% from HK\$34.3 million to HK\$27.8 million, mainly attributable to the lower revenue from molding service during the Period.

## Investments and collaboration

Following the FDA 510(k) clearance of Inovytec Medical Solutions Ltd. (“**Inovytec**”)’s Ventway Sparrow ventilators in February 2021, Inovytec continued to expand its geographical coverage for its line of ventilators, and has entered into distribution arrangements with its partners in the US and the United Arab Emirates during the Period. The Group is optimistic about the business prospects of Inovytec and trust the market share of its products will continue to increase.

Fresca Medical, Inc. (“**Fresca**”) was able to generate maiden revenue from the sale of Somnera™ System for the treatment of sleep apnea in the US. During the Period, the Group’s product development team and Fresca’s team of engineers also collaborated in making incremental design improvements to the existing device. The Group expects the sales of the systems to remain at a low level for the rest of 2021.

## OUTLOOK

Looking ahead to the second half of 2021, the more infectious COVID-19 variants are certainly impacting countries with low vaccination coverage. The Group will remain focused on supporting patients by delivering its respiratory products that are in high demand during the pandemic.

As the awareness of the benefits and applications of high flow oxygen therapy continue to grow, the Group remains optimistic that in the longer term, its O2FLO portfolio will enjoy steady demand growth, whether in the existing or new markets. Supported by such expanding installed base, Vincent Medical is looking to drive revenue contribution from its disposable products, which is recurring by nature, laying a solid foundation for future financial performance.

While the Group will strive to materialise its various collaborations with partners to provide integrated respiratory intensive care unit solutions to patients, the Group will continue to strengthen its core competencies by further expanding its respiratory products portfolio, broadening its market reach and paying extra effort on innovation and collaborations with key partners. The Group is well-positioned to capture opportunities in the post COVID era, where the governments and hospitals become more focused on health economics, and are actively seeking more independence from single-source supplier for medical supplies.

## FINANCIAL REVIEW

### REVENUE

Total revenue for the Period amounted to HK\$370.7 million (1H2020: HK\$502.3 million), representing a decrease of 26.2% year-on-year. The decline is mainly attributable to the high comparative figures of last year as a result of COVID-19 impact.

Nonetheless, the Group’s orthopaedic and rehabilitation products segment has largely recovered to pre-pandemic level, and the imaging disposable products segment also exhibited steady growth.

In terms of geographical market, the Group’s revenue contribution became increasingly diversified, with the US and the People’s Republic of China (the “**PRC**”), the two largest markets for medical devices globally, each accounted for 47.7% (1H2020: 41.1%) and 16.6% (1H2020: 28.1%) of the Group’s total revenue, respectively. The Group has also successfully expanded its market reach in Asia, with notable performances coming from India and the Philippines, and maiden revenue from Thailand.





# MANAGEMENT DISCUSSION AND ANALYSIS

## GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit decreased by 44.2% to HK\$125.7 million (1H2020: HK\$225.3 million) primarily due to the decrease in revenue and gross profit margin. Gross profit margin declined to 33.9% (1H2020: 44.9%), mainly due to unfavourable product mix, with lower sales contributions from higher margin devices, together with the appreciation of Renminbi (“RMB”) during the Period, these two factors contributed to a 4.0 percentage points and a 3.7 percentage points of gross margin drop, respectively. Furthermore, operating deleverage due to lower production volume and the significant spike in raw materials prices such as medical grade resins and adhesives during the Period also put pressure on the Group’s overall gross profit margin.

## OTHER INCOME, OTHER GAINS AND LOSSES

Other income increased by 23.1% to HK\$4.8 million (1H2020: HK\$3.9 million) mainly comprises government subsidies.

## SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by 15.8% to HK\$18.7 million (1H2020: HK\$22.2 million), reflecting lower revenue. As a percentage of the Group’s revenue, it slightly increased to 5.0% (1H2020: 4.4%).

## ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 27.3% to HK\$42.0 million (1H2020: HK\$57.8 million) and accounted for 11.3% of the Group’s revenue (1H2020: 11.5%), this was primarily due to lower personnel-related expenses.

## RESEARCH AND DEVELOPMENT EXPENSES

During the Period, the Group continued to invest to strengthen its research and development capabilities. Research and development expenses for the Period amounted to HK\$20.4 million (1H2020: HK\$15.8 million), corresponding to 5.5% (1H2020: 3.1%) of the Group’s revenue.

## INCOME TAX EXPENSE

For 1H2021, the Group’s income tax expense was HK\$5.6 million (1H2020: HK\$19.5 million) which was mainly attributable to lower income before tax.

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, profit attributable to owners of the Company declined by 54.4% to HK\$41.9 million (1H2020: HK\$91.8 million).

## PROPERTY, PLANT AND EQUIPMENT

The Group incurred capital expenditure of HK\$9.2 million (1H2020: HK\$21.6 million) during the Period, which mainly included the purchase of additional machineries, tooling and equipment. As at 30 June 2021, property, plant and equipment was HK\$111.1 million (31 December 2020: HK\$111.1 million).

## RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 30 June 2021, right-of-use assets and lease liabilities amounted to HK\$10.7 million (31 December 2020: HK\$14.7 million) and HK\$11.3 million (31 December 2020: HK\$15.6 million), respectively. The decrease was primarily attributable to the depreciation of right-of-use assets and lease payments.

## TRADE RECEIVABLES

Trade receivables as at 30 June 2021 was HK\$181.0 million (31 December 2020: HK\$161.5 million). The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.



## HUMAN RESOURCES

As at 30 June 2021, the total number of full-time employees of the Group was 1,390 (31 December 2020: 1,853). The remuneration of employees was determined according to their experience, qualifications, results of operations of the Group and market condition. The Group offered its senior management performance-based bonus and share options to reward and retain a high calibre management team. The Group also adopted commission and incentive plans to motivate and reward its sales and marketing team.

During the Period, staff costs including Directors emoluments amounted to HK\$106.6 million (1H2020: HK\$108.1 million), representing 28.8% (1H2020: 21.5%) of the Group's revenue. The decrease was mainly due to decrease in staff bonus and sales commission partially offset by the increased contributions to the social security schemes in the PRC.

## LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

Bank and cash balances as at 30 June 2021 was HK\$103.3 million (31 December 2020: HK\$169.1 million). This was a cumulative result of the net cash inflow from operating activities of HK\$25.4 million, net cash outflow from investing activities of HK\$16.8 million, net cash outflow from financing activities of HK\$77.0 million, and the positive effect of foreign exchange rate changes of HK\$2.6 million during the Period. Most of the bank and cash balances were denominated in Hong Kong dollars, US dollars ("USD") and RMB.

The net cash outflow from investing activities was mainly due to the purchase of property, plant and equipment of HK\$9.2 million, along with the additions of investment in an associate of HK\$7.8 million. The net cash outflow from financing activities was mainly arose from a net cash outflow of HK\$72.1 million dividend paid to owners of the Company.

As at 30 June 2021, total borrowings amounted to HK\$67.8 million (31 December 2020: HK\$69.1 million). The net gearing ratio, which was calculated on the basis of the amount of total borrowings divided by the total equity attributable to owners of the Company, was 0.11 (31 December 2020: 0.11). As at 30 June 2021, the Group had unutilised bank facilities of HK\$34.0 million.

## CAPITAL STRUCTURE

As at 30 June 2021, the issued share capital of the Company was approximately HK\$6.6 million (31 December 2020: approximately HK\$6.5 million), comprising 655,725,332 shares of the Company (the "Shares") (31 December 2020: 650,598,000 Shares) of nominal value of HK\$0.01 per Share. The increase was attributable to the Shares issued under the pre-IPO share option scheme adopted on 17 June 2016 and the share option scheme adopted on 24 June 2016 by the Company.

The Board considers that the current trading price of the Shares does not reflect its intrinsic value, and therefore it intends to exercise its power under the general mandate, which was granted by the shareholders of the Company (the "Shareholders") at the annual general meeting held on 18 May 2021 (the "AGM"), to buy back up to 65,328,332 Shares, being 10% of the total issued Shares as at the date of the AGM, in the open market at appropriate times. The Group intends to finance the proposed Share buy-back with its existing available cash.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Company considered that the significant investments were as follows:

### Equity investment at fair value through other comprehensive income

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2021 (unaudited)	31 December 2020 (audited)
Inovytec	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)	<b>US\$3.8 million (equivalent to HK\$29.3 million)</b>	US\$3.3 million (equivalent to HK\$25.3 million)	<b>3.3%</b>	2.7%

### Investment in an associate

Name of company	Principal business	Approximate percentage of shareholding	Total investment	Carrying amount of the investment		Assets ratio defined under the Listing Rules	
				30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2021 (unaudited)	31 December 2020 (audited)
Fresca	A US based sleep solution and connected health company that is developing a system for the treatment of obstructive sleep apnea.	22.04%	US\$5.0 million (equivalent to HK\$39.3 million)	<b>US\$1.7 million (equivalent to HK\$13.0 million)</b>	US\$0.85 million (equivalent to HK\$6.6 million)	<b>1.5%</b>	0.7%

For additional information regarding the performance during the Period and prospects of the above significant investments, please refer to the paragraph headed "Investments and Collaboration" above.



## **MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2021, 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 given the export-oriented nature of the Group's business. Thus, any appreciation of RMB against USD 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 30 June 2021, the Group did not have other contingent liabilities.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.0 cents (1H2020: HK Nil cent) per Share for the Period to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 13 September 2021, being the record date for determination of entitlement to the interim dividend. The interim dividend will be paid on or around Thursday, 30 September 2021.

The register of members of the Company will be closed from Thursday, 9 September 2021 to Monday, 13 September 2021, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the interim dividend as stated, all transfers forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 September 2021.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, to the best knowledge of the Directors and chief executives of the Company, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be disclosed pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") were as follows:

### Interests in Shares and underlying Shares

Name of Director	Capacity/Type of interest	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 6)
Mr. Choi Man Shing	Beneficial owner/Interest of controlled corporations	386,191,890 (Note 2)	58.90%
Mr. To Ki Cheung	Beneficial owner	20,224,110 (Note 3)	3.08%
Mr. Koh Ming Fai	Beneficial owner/Interest of spouse	7,144,000 (Note 4)	1.09%
Mr. Fu Kwok Fu	Beneficial owner	6,970,000 (Note 5)	1.06%



Notes:

- (1) The letter "L" denotes the person's long position in the Shares or the underlying Shares.
- (2) These interests represented:
  - (a) 4,002,000 Shares held by Mr. Choi Man Shing ("**Mr. Choi**"), the chairman and an executive Director of the Company;
  - (b) 381,939,890 Shares held by VINCENT RAYA INTERNATIONAL LIMITED ("**VRI**"). Mr. Choi holds 57.89% of the issued share capital of VRI. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRI is interested; and
  - (c) 250,000 Shares held by VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司) ("**VRHK**"). VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRHK is interested.
- (3) These interests represented:
  - (a) 19,224,110 Shares held by Mr. To Ki Cheung, the chief executive officer and executive Director of the Company; and
  - (b) 1,000,000 options granted to Mr. To Ki Cheung, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" in this report.
- (4) These interests represented:
  - (a) 4,941,166 Shares held by Mr. Koh Ming Fai, an executive Director;
  - (b) 174,000 Shares held by the spouse of Mr. Koh Ming Fai. By virtue of the SFO, Mr. Koh is deemed to be interested in all the Shares in which his spouse is interested;
  - (c) 528,834 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" in this report; and
  - (d) 1,500,000 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" in this report.
- (5) These interests represented:
  - (a) 5,691,166 Shares held by Mr. Fu Kwok Fu, an executive Director;
  - (b) 528,834 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the pre-IPO share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" in this report; and
  - (c) 750,000 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Schemes" in this report.
- (6) Approximate percentage calculated based on the 655,725,332 Shares in issue as at 30 June 2021.

## OTHER INFORMATION

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 June 2021, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares of the Company, which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

#### Interests in Shares

Name of Shareholder	Capacity/Type of interest	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 4)
Ms. Liu Pui Ching	Interest of spouse/Interest of controlled corporations	386,191,890 (Note 2)	58.90%
VRI	Beneficial owner/Interest of a controlled corporation	382,189,890 (Note 3)	58.29%

#### Notes:

- (1) The letter "L" denotes the person/entity's long position in the Shares.
- (2) These interests represented:
  - (a) 4,002,000 Shares held by Mr. Choi. Mr. Choi is the spouse of Ms. Liu Pui Ching ("**Ms. Liu**"). By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which Mr. Choi is interested;
  - (b) 381,939,890 Shares held by VRI. Ms. Liu holds 42.11% of the issued share capital of VRI. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRI is interested; and
  - (c) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRHK is interested.
- (3) These interests represented:
  - (a) 381,939,890 Shares held by VRI; and
  - (b) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by the virtue of the SFO, VRI is deemed to be interested in all the Shares held by VRHK.
- (4) Approximate percentage calculated based on the 655,725,332 Shares in issue as at 30 June 2021.



Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other corporation or individual (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

### SHARE OPTION SCHEMES

#### Pre-IPO Share Option Scheme adopted on 17 June 2016

A pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was adopted by the Company on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, Directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire in 16 June 2026 and the remaining life of the Pre-IPO Share Option Scheme as at the date of this report is around 5 years.

Pursuant to the Pre-IPO Share Option Scheme, on 17 June 2016, the Company conditionally granted the options to subscribe for an aggregate of 19,684,000 Shares to a total of 91 grantees at exercise price of HK\$0.80 per Share which is an amount equal to 80% of the final price (i.e. HK\$1.00) for each offer share of the Hong Kong public offering and the international placing in connection with the Company’s listing of the Shares on the main board of the Stock Exchange on 13 July 2016. Save for the options which have been granted on 17 June 2016, no further options will be granted under the Pre-IPO Share Option Scheme.

For the six months ended 30 June 2021, a total of 2,502,332 share options were exercised under the Pre-IPO Share Option Scheme and none of share options were lapsed. As at 30 June 2021, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme was 3,153,668 Shares, representing approximately 0.48% of the Company’s issued share capital as at 30 June 2021.



## OTHER INFORMATION

Details of the outstanding share options under the Pre-IPO Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Number of Shares underlying the share options granted			
				Outstanding as at 1 January 2021	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2021
<b>Directors</b>							
Mr. To Ki Cheung	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	526,332	(526,332)	-	-
Mr. Koh Ming Fai	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
Mr. Fu Kwok Fu	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
<b>In aggregate</b>				<b>1,584,000</b>	<b>(526,332)</b>	<b>-</b>	<b>1,057,668</b>
<b>Senior management and other employees</b>							
<b>In aggregate</b>	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	<b>4,072,000</b>	<b>(1,976,000)</b>	<b>-</b>	<b>2,096,000</b>
<b>Total</b>				<b>5,656,000</b>	<b>(2,502,332)</b>	<b>-</b>	<b>3,153,668</b>



### Share option scheme adopted on 24 June 2016

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company on 24 June 2016. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of eligible participants of the Share Option Scheme including any executive, Director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or business or joint-venture partner to the Group (the “**Eligible Participant(s)**”) by granting options to them as incentives or rewards. HK\$1.00 is payable by an Eligible Participant upon acceptance of an offer of option. The Share Option Scheme will expire on 23 June 2026 and the remaining life of the Share Option Scheme as at the date of this report is around 5 years.

The exercise price per Share shall be determined by the Board and notified to the grantee at the time of offer of the options. The exercise price should at least be the highest of:

- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the “**Business Day**”); and
- (iii) the average closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of offer,

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

As at the date of this report, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 63,800,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted under the Share Option Scheme and any other schemes of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12 consecutive months up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

Save for the options which have been granted on 28 May 2018 and 25 March 2019, no further options were granted under the Share Option Scheme during the Period. For the six months ended 30 June 2021, a total of 2,625,000 share options were exercised under the Share Option Scheme and none of share options were lapsed. As at 30 June 2021, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Share Option Scheme was 9,775,000 Shares, representing approximately 1.49% of the Company’s issued share capital as at 30 June 2021.

## OTHER INFORMATION

Details of the outstanding share options under the Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Vesting schedule	Exercise period	Number of Shares underlying the share options granted			
				Outstanding as at 1 January 2021	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2021
<b>Directors</b>							
Mr. To Ki Cheung	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	2,000,000	(1,000,000)	-	1,000,000
Mr. Koh Ming Fai	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	1,500,000	-	-	1,500,000
Mr. Fu Kwok Fu	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	750,000	-	-	750,000
<b>In aggregate</b>				<b>4,250,000</b>	<b>(1,000,000)</b>	<b>-</b>	<b>3,250,000</b>
<b>Senior management and other employees</b>							
	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026	5,300,000	(600,000)	-	4,700,000
	25 March 2019	25% of options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively	25% of options will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026	2,850,000	(1,025,000)	-	1,825,000
<b>In aggregate</b>				<b>8,150,000</b>	<b>(1,625,000)</b>	<b>-</b>	<b>6,525,000</b>
<b>Total</b>				<b>12,400,000</b>	<b>(2,625,000)</b>	<b>-</b>	<b>9,775,000</b>

Further details of the share options are set out in Note 17 to the condensed consolidated financial statements of this report.



## CHANGE OF DIRECTORS' INFORMATION

Subsequent to publication of the 2020 annual report, there is no change of Directors' information, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules.

The biographies of Directors are available in "About Us" section of the Company's website.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance on reducing energy consumption. The Group is also continually improving its business practices and employee training in such best practices. It has adopted a proactive approach to ESG responsibility and has established a working group chaired by an executive Director and comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and to enhance the Group's ESG efforts.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to 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 high quality 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 Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 to the Listing Rules 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 Period and up to the date of this report.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 securities transactions throughout the Period and up to the date of this report.



## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established 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.

The Group's unaudited consolidated interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

RSM Hong Kong, the Company's auditor, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report is set out on page 21 of this report.

### 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 for the six months ended 30 June 2021.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company had maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules throughout the Period and up to the date of this report.

### PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2021 containing all the relevant information required by the Listing Rules and the relevant laws and regulations has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.vincentmedical.com>).

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

Hong Kong, 24 August 2021



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## TO THE BOARD OF DIRECTORS OF VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 22 to 40 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### RSM Hong Kong

*Certified Public Accountants*

Hong Kong

24 August 2021

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue</b>	5	<b>370,704</b>	502,346
Cost of sales		<b>(245,013)</b>	(277,042)
<b>Gross profit</b>		<b>125,691</b>	225,304
Other income, other gains and losses		<b>4,665</b>	2,040
Selling and distribution expenses		<b>(18,670)</b>	(22,203)
Administrative expenses		<b>(42,014)</b>	(57,795)
Research and development expenses		<b>(20,402)</b>	(15,754)
<b>Profit from operations</b>		<b>49,270</b>	131,592
Finance costs		<b>(1,498)</b>	(1,551)
Share of losses of associates		<b>(1,656)</b>	(428)
Share of losses of joint ventures		<b>(474)</b>	(624)
<b>Profit before tax</b>		<b>45,642</b>	128,989
Income tax expense	6	<b>(5,609)</b>	(19,513)
<b>Profit for the period</b>	7	<b>40,033</b>	109,476
<b>Attributable to:</b>			
Owners of the Company		<b>41,859</b>	91,842
Non-controlling interests		<b>(1,826)</b>	17,634
		<b>40,033</b>	109,476
<b>Earnings per share</b>	9		
Basic		<b>HK6.42 cents</b>	HK14.40 cents
Diluted		<b>HK6.32 cents</b>	n/a

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021



	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>40,033</b>	109,476
<b>Other comprehensive income:</b>		
<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")	<b>3,613</b>	(2,678)
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>3,483</b>	(4,607)
<b>Other comprehensive income for the period, net of tax</b>	<b>7,096</b>	(7,285)
<b>Total comprehensive income for the period</b>	<b>47,129</b>	102,191
<b>Attributable to:</b>		
Owners of the Company	<b>48,982</b>	85,349
Non-controlling interests	<b>(1,853)</b>	16,842
	<b>47,129</b>	102,191



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Note	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	111,148	111,088
Right-of-use assets	11	10,687	14,717
Other intangible assets		25,376	28,365
Investments in associates		15,395	9,296
Investments in joint ventures		10,790	11,181
Equity investments at FVTOCI		49,395	45,782
Deferred tax assets		2,037	2,014
<b>Total non-current assets</b>		<b>224,828</b>	<b>222,443</b>
<b>Current assets</b>			
Inventories		285,731	278,683
Trade receivables	12	180,997	161,542
Contract assets		13,212	20,169
Prepayments, deposits and other receivables	13	72,745	94,962
Bank and cash balances		103,317	169,068
<b>Total current assets</b>		<b>656,002</b>	<b>724,424</b>
<b>TOTAL ASSETS</b>		<b>880,830</b>	<b>946,867</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	16	6,557	6,506
Reserves		586,144	605,051
Equity attributable to owners of the Company		592,701	611,557
Non-controlling interests		(8,026)	(6,378)
<b>Total equity</b>		<b>584,675</b>	<b>605,179</b>
<b>Non-current liabilities</b>			
Lease liabilities		2,139	1,190
Deferred tax liabilities		9,526	9,553
<b>Total non-current liabilities</b>		<b>11,665</b>	<b>10,743</b>
<b>Current liabilities</b>			
Trade payables	14	60,193	88,566
Other payables and accruals	15	120,837	136,061
Lease liabilities		9,161	14,430
Borrowings		67,762	69,071
Current tax liabilities		26,537	22,817
<b>Total current liabilities</b>		<b>284,490</b>	<b>330,945</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>880,830</b>	<b>946,867</b>
<b>Net current assets</b>		<b>371,512</b>	<b>393,479</b>
<b>Total assets less current liabilities</b>		<b>596,340</b>	<b>615,922</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021



	Attributable to owners of the Company									
	Share capital	Share premium account	Share-based payment reserve	Merger reserve	Foreign currency translation reserve	FVTOCI reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	6,377	141,755	10,620	12,094	(11,065)	(27,428)	220,098	352,451	61,696	414,147
Total comprehensive income for the period	-	-	-	-	(3,815)	(2,678)	91,842	85,349	16,842	102,191
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	138	138
Share-based payments	-	-	650	-	-	-	-	650	-	650
Dividend paid	-	(7,014)	-	-	-	-	-	(7,014)	-	(7,014)
Purchases of non-controlling interests	-	-	-	-	-	-	(218)	(218)	(2,241)	(2,459)
Changes in equity for the period	-	(7,014)	650	-	(3,815)	(2,678)	91,624	78,767	14,739	93,506
At 30 June 2020 (unaudited)	6,377	134,741	11,270	12,094	(14,880)	(30,106)	311,722	431,218	76,435	507,653
At 1 January 2021 (audited)	6,506	157,813	5,719	12,094	7,481	(1,402)	423,346	611,557	(6,378)	605,179
Total comprehensive income for the period	-	-	-	-	3,510	3,613	41,859	48,982	(1,853)	47,129
Shares issued under share option schemes (Note 16)	51	5,944	(1,893)	-	-	-	-	4,102	-	4,102
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	205	205
Share-based payments	-	-	179	-	-	-	-	179	-	179
Dividend paid (Note 8)	-	-	-	-	-	-	(72,119)	(72,119)	-	(72,119)
Changes in equity for the period	51	5,944	(1,714)	-	3,510	3,613	(30,260)	(18,856)	(1,648)	(20,504)
At 30 June 2021 (unaudited)	6,557	163,757	4,005	12,094	10,991	2,211	393,086	592,701	(8,026)	584,675

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>25,414</b>	71,717
Purchases of property, plant and equipment	(9,230)	(21,585)
Additions to other intangible assets	–	(7,852)
Additions to investment in an associate	(7,755)	–
Other investing cash flows (net)	160	159
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,825)</b>	(29,278)
Issues of shares	4,102	–
Borrowings raised	21,888	18,216
Repayment of borrowings	(23,632)	(1,406)
Principal elements of lease payment	(7,478)	(6,473)
Capital contribution from non-controlling shareholders	205	138
Purchases of non-controlling interests	–	(2,459)
Dividend paid to owners of the Company	(72,119)	(7,014)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(77,034)</b>	1,002
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(68,445)</b>	43,441
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>169,068</b>	69,951
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>2,694</b>	(3,495)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>103,317</b>	109,897
Bank and cash balances	103,317	109,897

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies (including the critical judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020. A number of new or amended standards are effective from 1 January 2021 but they do not have a material effect on the Group’s consolidated financial statements. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated financial statements.

## 3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 3. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

### (a) Disclosures of level in fair value hierarchy at 30 June 2021:

Description	Fair value measurements as at 30 June 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

#### Recurring fair value measurements:

Financial assets at FVTOCI

- Unlisted equity securities

-	-	49,395	49,395
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Description	Fair value measurements as at 31 December 2020 (audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

#### Recurring fair value measurements:

Financial assets at FVTOCI

- Unlisted equity securities

-	-	45,782	45,782
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### (b) Reconciliation of financial assets measured at fair value based on Level 3:

	Financial assets at FVTOCI	
	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
At beginning of period/year	45,782	43,199
Reclassification from equity investments at FVTOCI to investments in associates	-	(652)
Total gains or losses recognised in other comprehensive income	3,613	3,235
At end of period/year	49,395	45,782

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the condensed consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 3. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021:

The Group's chief financial officer is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including Level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For Level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

#### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value	
					30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Unlisted equity securities classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	50% (31 December 2020: 50%)	Decrease	49,395	45,782
		Discount for lack of marketability	20% - 25% (31 December 2020: 20% - 25%)	Decrease		
		Long-term growth rate	2% (31 December 2020: 2%)	Increase		
Unlisted equity securities classified as financial assets at FVTOCI	Cost approach	n/a	n/a	n/a	-	-

There were no changes in the valuation techniques used.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 4. SEGMENT INFORMATION

Information about reportable segment profit or loss:

	OBM	OEM	Total
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)

### Six months ended 30 June 2021

Revenue from external customers  
Segment profit

Revenue from external customers	160,131	210,573	370,704
Segment profit	21,856	31,048	52,904

### Six months ended 30 June 2020

Revenue from external customers  
Segment profit

Revenue from external customers	251,218	251,128	502,346
Segment profit	77,036	57,689	134,725

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Total profit or loss of reportable segments	52,904	134,725
Interest income	160	48
Interest expenses	(1,498)	(1,551)
Share-based payments	(179)	(650)
Share of losses of associates	(1,656)	(428)
Share of losses of joint ventures	(474)	(624)
Unallocated corporate income	2,593	2,312
Unallocated corporate expenses	(6,208)	(4,843)
Consolidated profit before tax	45,642	128,989

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 4. SEGMENT INFORMATION (CONTINUED)

### Revenue from major customers:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
OEM segment		
Customer A	107,294	91,034
Customer B (Note 1)	n/a	54,877
Customer C (Note 2)	42,911	n/a

#### Notes:

1. Revenue from Customer B represented less than 10% of the Group's revenue for the six months ended 30 June 2021.
2. Revenue from Customer C represented less than 10% of the Group's revenue for the six months ended 30 June 2020.

## 5. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. 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.

	Six months ended 30 June (unaudited)					
	OBM		OEM		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>By product category</b>						
Respiratory products	154,895	247,671	50,196	115,751	205,091	363,422
Imaging disposable products	-	-	100,248	83,602	100,248	83,602
Orthopaedic and rehabilitation products	5,236	3,547	32,353	17,493	37,589	21,040
Other products	-	-	27,776	34,282	27,776	34,282
	<b>160,131</b>	<b>251,218</b>	<b>210,573</b>	<b>251,128</b>	<b>370,704</b>	<b>502,346</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 5. REVENUE (CONTINUED)

	Six months ended 30 June (unaudited)					
	OBM		OEM		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>By geographical market</b>						
The United States	3,684	6,532	173,236	199,690	176,920	206,222
The People's Republic of China (the "PRC")	61,469	141,020	–	–	61,469	141,020
Japan	7,779	3,265	9,822	8,404	17,601	11,669
The Netherlands	627	746	15,052	11,761	15,679	12,507
India	13,752	6,908	–	–	13,752	6,908
Thailand	12,396	–	–	–	12,396	–
Turkey	10,767	11,207	–	–	10,767	11,207
Israel	853	4,850	1,103	18,564	1,956	23,414
Saudi Arabia	–	30,554	–	–	–	30,554
Others	48,804	46,136	11,360	12,709	60,164	58,845
	<b>160,131</b>	<b>251,218</b>	<b>210,573</b>	<b>251,128</b>	<b>370,704</b>	<b>502,346</b>
<b>By timing of revenue recognition</b>						
Products transferred at a point in time	160,131	251,218	110,325	167,526	270,456	418,744
Products transferred over time	–	–	100,248	83,602	100,248	83,602
	<b>160,131</b>	<b>251,218</b>	<b>210,573</b>	<b>251,128</b>	<b>370,704</b>	<b>502,346</b>

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Receivables, which included in "trade receivables"	180,997	161,542
Contract assets	13,212	20,169

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax	4,397	8,671
– PRC Corporate Income Tax	1,332	11,174
Deferred tax	(120)	(332)
	<b>5,609</b>	19,513

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2.0 million of assessable profits of the qualifying corporation established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits.

PRC Corporate Income Tax has been provided at tax rates ranging from 15% to 25% for the six months ended 30 June 2021 (six months ended 30 June 2020: 15% to 25%).

## 7. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after (crediting)/charging:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Allowance for inventories (included in cost of inventories sold)	–	6,399
Amortisation	3,079	3,119
Cost of inventories sold	245,013	277,042
Depreciation of property, plant and equipment	10,231	7,569
Depreciation of right-of-use assets	7,179	6,689
Directors' emoluments	3,337	3,159
Equity-settled share-based payments	179	650
Exchange (gain)/loss, net (included in other gains and losses)	(77)	914
Impairment of trade receivables (included in other gains and losses)	–	144
Staff costs including directors' emoluments	106,640	108,105
Write off of property, plant and equipment (included in other gains and losses)	190	768

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 8. DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK2.0 cents per share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK Nil cent).

The final dividend of HK11.00 cents amounting to approximately HK\$72,119,000 for the year ended 31 December 2020 has been approved and paid on 18 June 2021.

## 9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>41,859</u>	<u>91,842</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>652,263</u>	637,650
Effect of dilutive potential ordinary shares arising from share options issued by the Company ( <i>Note</i> )	<u>9,620</u>	n/a
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>661,883</u>	n/a

*Note:*

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the six months ended 30 June 2020.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$9,230,000 (six months ended 30 June 2020: HK\$21,585,000).

## 11. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group entered into new lease agreements for offices and factory premises for 3 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised approximately HK\$3,090,000 of right-of-use assets and lease liabilities.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 12. TRADE RECEIVABLES

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:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 to 30 days	51,122	64,959
31 to 60 days	35,183	46,363
61 to 90 days	45,412	20,828
Over 90 days	49,280	29,392
	<b>180,997</b>	161,542

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Deposits for license and distribution rights	14,169	14,153
Deposits for purchases of property, plant and equipment	11,707	12,007
Deposits for purchases of goods	28,730	35,524
Prepaid expenses	1,741	1,695
Rental and other deposits	2,415	3,346
Value-added tax and other receivables	13,983	28,237
	<b>72,745</b>	94,962

## 14. TRADE PAYABLES

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
0 to 30 days	37,351	46,786
31 to 60 days	4,810	22,977
Over 60 days	18,032	18,803
	<b>60,193</b>	88,566

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 15. OTHER PAYABLES AND ACCRUALS

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Accrued staff costs	38,086	58,011
Deposit received for disposal of a subsidiary	12,018	–
Other accrued expenses	5,276	12,446
Other payables	18,956	9,885
Provision for warranties	8,132	17,545
Contract liabilities	38,369	38,174
	<b>120,837</b>	136,061

## 16. SHARE CAPITAL

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<b>Authorised:</b>		
10,000,000,000 ordinary shares of HK\$0.01 each	<b>100,000</b>	100,000
<b>Issued and fully paid:</b>		
655,725,332 (At 31 December 2020: 650,598,000) ordinary shares at HK\$0.01 each	<b>6,557</b>	6,506

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares	Nominal value of shares issued HK\$'000
At 1 January 2020 (audited)	637,650,000	6,377
Shares issued under share option schemes	12,948,000	129
At 31 December 2020 and 1 January 2021 (audited)	650,598,000	6,506
Shares issued under share option schemes (Note)	5,127,332	51
<b>At 30 June 2021 (unaudited)</b>	<b>655,725,332</b>	<b>6,557</b>

Note:

From April to June 2021, 5,127,332 shares were issued under share option schemes at a subscription price of HK\$0.80 per share for a total cash consideration of approximately HK\$4,102,000 and share-based payment reserve of approximately HK\$1,893,000 was transferred to share premium account.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 17. SHARE OPTIONS

### Pre-IPO share option scheme adopted on 17 June 2016

A pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was approved and adopted on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026.

Each option granted under the Pre-IPO Share Option Scheme is subject to the following vesting schedule:

Tranche	Vesting Date	Percentage of an option vested
First	First anniversary of 13 July 2016 (the “ <b>Listing Date</b> ”)	25%
Second	Second anniversary of the Listing Date	25%
Third	Third anniversary of the Listing Date	25%
Fourth	Fourth anniversary of the Listing Date	25%

Each vested tranche of an option is exercisable during a period from and including the vesting date of the relevant tranche to and including the business day immediately preceding the tenth anniversary of the date of grant of the option.

The subscription price per share shall be HK\$0.80. On 17 June 2016, 19,684,000 options were granted. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

Details of each tranche of options are as follows:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$
First	17 June 2016	17 June 2016 to 13 July 2017	13 July 2017 to 16 June 2026	0.80
Second	17 June 2016	17 June 2016 to 13 July 2018	13 July 2018 to 16 June 2026	0.80
Third	17 June 2016	17 June 2016 to 13 July 2019	13 July 2019 to 16 June 2026	0.80
Fourth	17 June 2016	17 June 2016 to 13 July 2020	13 July 2020 to 16 June 2026	0.80

If the options remain unexercised after a period of ten years from the date of grant, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 17. SHARE OPTIONS (CONTINUED)

### Pre-IPO share option scheme adopted on 17 June 2016 (continued)

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	5,656,000	0.80
Exercised during the period	<u>(2,502,332)</u>	0.80
Outstanding at the end of the period	<u>3,153,668</u>	0.80
Exercisable at the end of the period	<u>3,153,668</u>	0.80

### Share option scheme adopted on 24 June 2016

A share option scheme (the “Share Option Scheme”) was approved and adopted on 24 June 2016. Pursuant to the Share Option Scheme, the Board of Directors may, as its discretion, grant share options to any executive, director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or partner of the Group. The Share Option Scheme will expire on 23 June 2026.

The subscription price per share shall be determined by the Board of Directors and notified to the grantee at the time of offer of the option.

On 28 May 2018, the Group granted 14,300,000 share options with exercise price of HK\$0.80 per share to certain directors and employees. 25% of the options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively and will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026.

On 25 March 2019, the Group further granted 4,600,000 share options with exercise price of HK\$0.80 per share to certain employees and consultant. 25% of the options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively and will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026.

If the options remain unexercised after 23 June 2026, the options will be expired. Options are lapsed if the directors, employees and/or consultant leave the Group.

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	12,400,000	0.80
Exercised during the period	<u>(2,625,000)</u>	0.80
Outstanding at the end of the period	<u>9,775,000</u>	0.80
Exercisable at the end of the period	<u>5,150,000</u>	0.80

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



## 18. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties during the period:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Administrative service fee paid to a related company (Note)	126	–
Catering service fee paid to a related company (Note)	864	595
Electronic assembly service fee to a related company (Note)	5,544	5,755
Metal supplies and processing service fee to a related company (Note)	5,335	4,486
Purchases of goods from an associate	126	–
Purchases of goods from a joint venture	–	558
Purchases of goods from related companies (Note)	1,511	1,194
Rental expenses paid to related companies (Note)	5,641	5,201
Sales of goods to associates	2,063	1,333

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
	Trade receivables from associates	3,493
Other payables to related companies (Note)	10,423	3,115
Other receivables from a related company (Note)	84	84

Note:

Mr. Choi Man Shing, an executive director of the Company has beneficial interests in these related companies.

## 19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2021 (At 31 December 2020: Nil).





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 20. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of reporting period but not yet incurred are as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Property, plant and equipment	12,363	17,987
Intangible assets	1,359	1,356
	<u>13,722</u>	<u>19,343</u>

## 21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation. The change included the reclassification of certain items previously classified under administrative expenses to research and development expenses. The new classification of the accounting items was considered to provide a more appropriate presentation of the results of the Group.

## 22. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 24 August 2021.