



VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1612

**CREATE VALUES
FOR
BETTER LIVES**



**2023
INTERIM REPORT**



CONTENTS

2	Corporate Information
3	Financial Highlights
4	Management Discussion and Analysis
10	Other Information
21	Independent Review Report
22	Condensed Consolidated Statement of Profit or Loss
23	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
24	Condensed Consolidated Statement of Financial Position
25	Condensed Consolidated Statement of Changes in Equity
26	Condensed Consolidated Statement of Cash Flows
27	Notes to the Condensed Consolidated Financial Statements



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHOI Man Shing (*Chairman*)
Mr. TO Ki Cheung (*Chief Executive Officer*)
(resigned on 1 January 2023)
Mr. CHOI Cheung Tai Raymond (*Chief Executive Officer*)
(appointed on 1 January 2023)
Mr. KOH Ming Fai
Mr. FU Kwok Fu

Non-executive Director

Mr. GUO Pengcheng (retired on 18 May 2023)
Dr. LEUNG Ming Chu (appointed on 25 July 2023)

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*)
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 (ceased on 1 January 2023)
Mr. CHOI Cheung Tai Raymond (appointed on
1 January 2023)

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

Units 1604-07A, 16/F., Two Harbourfront,
22 Tak Fung 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

Tricolor Investor Services Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
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
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STOCK CODE

1612

COMPANY WEBSITE

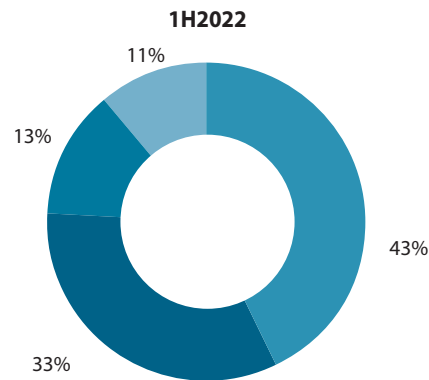
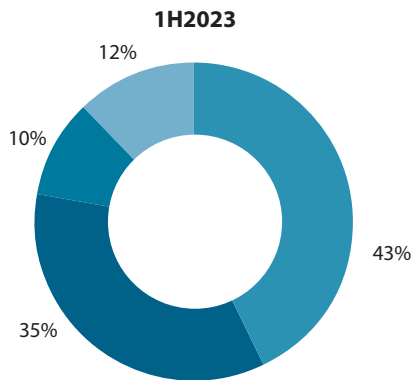
www.vincentmedical.com



	For the six months ended 30 June (unaudited)	
	2023 HK\$'000	2022 HK\$'000
Revenue	361,235	280,731
Gross profit	118,826	36,787
Profit/(loss) for the period	27,094	(44,254)
Profit/(loss) attributable to owners of the Company	26,600	(44,363)
Basic earnings/(loss) per share (HK cents)	4.10	(6.78)
Interim dividend per share (HK cents)	1.25	nil

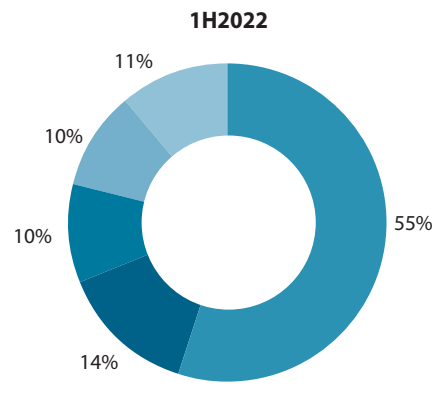
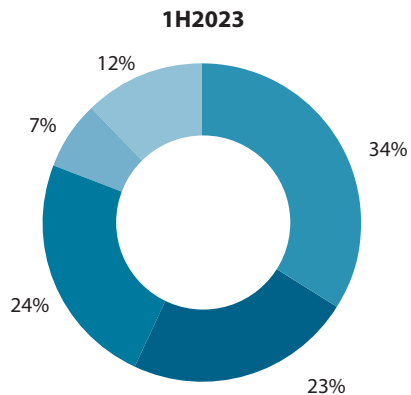
REVENUE ANALYSIS

By Product Category



■ Respiratory
 ■ Imaging disposable
 ■ Orthopaedic and rehabilitation
 ■ Others

By Geography



■ The US
 ■ The PRC
 ■ Europe
 ■ Japan
 ■ Others



MANAGEMENT DISCUSSION AND ANALYSIS

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 2023 (“1H2023” or the “Period”), together with the comparative figures for the six months ended 30 June 2022 (“1H2022”). This report has been reviewed by RSM Hong Kong, the Company’s auditor, and the audit committee of the Company (the “Audit Committee”).

Entering 2023, the medical device industry was still affected by the financial strain over hospital systems worldwide, with medical institutions delaying and reducing medical investments and new product adoption, that has also brought notable disruptions to local medical distribution networks. Amid the uncertain market, a number of industry players are also undergoing reorganisations, in order to find focus on product development and efficiency in sales channel.

Despite the challenging market conditions and operating environment, the Group was able to leverage its established market presence and delivered organic growth during the Period. Supported by its expansive product portfolio and technological know-how, there was a steady demand for its respiratory products, particularly the inspired™ product line, highlighting the rising penetration of the Group’s respiratory products in the People’s Republic of China (the “PRC”).

Meanwhile, the Group’s strategic priority remains on driving sustainable revenue growth by expanding into high-growth businesses and markets. One of the key focuses is the imaging disposable products segment, which has showcased its potential with an uninterrupted revenue growth since 2020. By investing and upgrading its production capability, the Group also saw growing contributions from the segment, with segment revenue increasing by 35.8%.

With the increasing awareness about health and wellness, there is also a growing demand for healthcare and wellness devices and solutions. During the Period under review, the Group continued to build on its expertise in medical device manufacturing, expanding its manufacturing portfolio to healthcare and wellness products. So far, the Group is making meaningful progress, and saw increased revenue contribution in 1H2023.

RESPIRATORY PRODUCTS SEGMENT

	Six months ended 30 June (unaudited)		
	2023 HK\$’000	2022 HK\$’000	Change
O2FLO high flow respiratory humidifier (“O2FLO”)	9,885	3,250	+204.2%
O2FLO disposables	5,028	2,878	+74.7%
VHB series respiratory humidifier (“VHB Humidifier”)	19,836	8,539	+132.3%
VHB Humidifier disposables	44,812	27,884	+60.7%
Other respiratory products	47,846	45,404	+5.4%
OEM respiratory products	28,177	34,088	-17.3%
Total	155,584	122,043	+27.5%



Respiratory products segment reported a revenue of HK\$155.6 million during the Period, accounting for 43.1% of the Group's revenue and representing an increase of 27.5% as compared to 1H2022 (1H2022: HK\$122.0 million), primarily attributable to the 44.9% growth in sales from the inspired™ respiratory devices and their dedicated disposables. As the world shifts to the next gear in the post-pandemic era, market conditions for respiratory devices also recover steadily and has returned to a normal state. Along with improving operational efficiency, segment gross profit margin improved to 37.8% (1H2022: 33.0%).

For the inspired™ line of respiratory products, the Group continued to invest in clinical education and provide product training and support to its business partners, in an attempt to drive product adoption. During the Period, revenue generated from inspired™ respiratory products increased to HK\$127.4 million (1H2022: HK\$88.0 million).

Looking ahead, the Group is looking forward to the planned introductions of an extending range of product applications in new markets. The move should lay a solid foundation for its respiratory products segment, allowing it to continue its growth pattern in the pre-pandemic times.

Other respiratory products

Other respiratory products include respiratory filters, respiratory and anaesthesia circuits and other respiratory disposables. As the demand for such products continued to recover, its revenue increased by 5.4% to HK\$47.8 million (1H2022: HK\$45.4 million).

OEM respiratory products

Sales of OEM respiratory products decreased by 17.3% to HK\$28.2 million (1H2022: HK\$34.1 million). This was mainly driven by the challenges in the United States (the "US") market, with decrease in sales volume of existing products due to customers destocking.

Nonetheless, the Group continued to made progress in other markets, as the Group saw an upturn in orders towards the end of the Period for transport ventilators and its disposables.

IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells imaging disposable products on an OEM basis to one of the world's leading solutions providers of diagnostic imaging. As a trusted partner, the Group supports its customer in the design and manufacturing of various contrast media injectors and disposable components, and remains an integral part of its growth strategy worldwide. Supported by the deepening collaboration with the customer, as well as the resumption of routine medical imaging diagnostic services across the globe, there was an increase in demand for imaging disposables, leading to an expanding contribution from the segment.

During the Period, revenue of the imaging disposable products segment reached HK\$125.7 million, accounting for 34.8% of the Group's revenue, representing a 35.8% increase as compared to 1H2022 (1H2022: HK\$92.6 million). Segment gross margin largely remained stable at 30.4% (1H2022: 31.3%).

ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

Sales of the orthopaedic and rehabilitation products segment demonstrated its resilience, with revenue slightly decreased from HK\$35.2 million to HK\$35.0 million, accounting for 9.7% of the Group's revenue. Segment margin strengthened from 24.0% to 37.0%, primarily attributable to price increases and favourable movement in foreign exchange rates.



MANAGEMENT DISCUSSION AND ANALYSIS

OTHER PRODUCTS

Other products include moulds, surgical disposables, surgical patient warming devices and their disposables, plastic disposable products and healthcare and wellness devices. During the Period, revenue from other products increased by 45.1% from HK\$31.0 million to HK\$44.9 million, primarily attributable to the increase in sales volume of surgical patient warming devices and their disposables, along with increased revenue contribution from healthcare and wellness devices.

INVESTMENTS AND COLLABORATION

Despite the depreciation of Japanese Yen (“JPY”), Inspired Medical Japan Co., Limited, a company incorporated in Japan and an indirect non-wholly owned subsidiary of the Company, maintained its satisfactory business results during the Period. As the inspired™ product line continued to gain traction in the country, the team is also looking to expand its product offering through the distribution of other products, in order to further drive market penetration.

During the Period, Inovytec Medical Solutions Limited (“Inovytec”) continued to drive wider adoption of its transport ventilator, and saw update of orders from the US towards the end of the Period. Being a shareholder and also its contract manufacturer, the Group remains optimistic over its long-term business prospect.

OUTLOOK

Looking ahead, the Group will continue to drive product innovation and registration of its respiratory solutions. The Group will also ride on the high customer stickiness of its imaging disposable products segment, as well as the growing healthcare and wellness opportunities, to further diversify its business and deliver sustainable revenue growth. The Group remains cautiously optimistic for the rest of 2023, as it continues to navigate a mix of headwinds in the macroeconomic environment.

To achieve its strategic priority of long-term margin and earnings improvement, the Group is committed to investing in its infrastructure. The Group intends to build a new production facility in the Industrial Park in Cuishanhu New District, Kaiping City, Jiangmen City, one of the key cities in the Guangdong-Hong Kong-Macao Greater Bay Area. The groundbreaking ceremony took place on 30 June 2023, and the new production facility is expected to gradually commence operations in 2025. The addition of the new manufacturing and research and development (“R&D”) facility will diversify the Group’s production bases, alleviate capacity constraints, which in turn, allow quicker sales intake and yield greater automation that would empower the Group to deliver cost efficiency in the long-run, thus laying a solid foundation for future financial performance.

FINANCIAL REVIEW

REVENUE

Total revenue for the Period amounted to HK\$361.2 million (1H2022: HK\$280.7 million), representing an increase of 28.7%. This was mainly attributable to the 35.8% increase in revenue from the imaging disposable products segment, and the 27.5% increase in the respiratory products segment.

In terms of geographical market, the US and Europe accounted for 34.2% (1H2022: 55.4%) and 23.6% (1H2022: 9.7%) of total revenue, respectively. Sales generated from the PRC increased by 112.6% to HK\$82.1 million (1H2022: HK\$38.6 million) and accounted for 22.7% (1H2022: 13.8%) of total revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased by 223.0% to HK\$118.8 million (1H2022: HK\$36.8 million), mainly attributable to the increase in revenue and gross profit margin. Gross profit margin jumped from 13.1% to 32.9%, as a result of the decrease in allowance for inventories, improvement in operating efficiency and depreciation of Renminbi (“RMB”).



OTHER INCOME, OTHER GAINS AND LOSSES

Other income, other gains and losses mainly comprises government subsidies, rental support for tenants at Song Shan Lake Technology Park, exchange differences and impairment/write off of assets. During the Period, the amount decreased from HK\$3.2 million to HK\$3.0 million.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by 25.5% to HK\$18.8 million (1H2022: HK\$15.0 million), largely in line with the increase in revenue. As a percentage of revenue, such expenses slightly decreased to 5.2% (1H2022: 5.3%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 2.5% to HK\$51.6 million (1H2022: HK\$50.4 million), accounting for 14.3% of total revenue (1H2022: 17.9%).

RESEARCH AND DEVELOPMENT EXPENSES

The Group continued to put considerable effort into technology innovation, process development, commercial manufacturing, and process restructuring in order to shorten the time-to-market of its technologies. In addition, in order to comply with the latest European Union Medical Device Regulation (the "EU MDR"), the Group allocated additional R&D resources during the Period to ensure that its technical documentation is ready to comply with the new EU MDR by 2027.

Research and development expenses for the Period amounted to HK\$18.1 million (1H2022: HK\$16.5 million), corresponding to 5.0% (1H2022: 5.9%) of the Group's revenue.

INCOME TAX EXPENSE

During the Period, the Group recorded an income tax expense of HK\$5.3 million (1H2022: HK\$0.7 million), primarily attributable to the increase in income before tax.

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\$26.6 million (1H2022: loss attributable to owners of the Company of HK\$44.4 million).

PROPERTY, PLANT AND EQUIPMENT

The Group incurred capital expenditure of HK\$3.8 million (1H2022: HK\$4.6 million) during the Period, which mainly included the purchase and upgrade of machineries, tooling and equipment. As at 30 June 2023, property, plant and equipment was HK\$92.0 million (31 December 2022: HK\$100.8 million).

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 30 June 2023, right-of-use assets and lease liabilities amounted to HK\$12.8 million (31 December 2022: HK\$21.3 million) and HK\$13.3 million (31 December 2022: HK\$21.9 million), respectively. The decrease was attributable to depreciation of right-of-use assets, lease rental paid and exchange differences.

INVENTORIES

Inventories as at 30 June 2023 was HK\$173.7 million (31 December 2022: HK\$174.0 million), mainly consists of raw materials, work-in-progress and finished goods. The Group will continue to apply stringent policy in inventory control, anticipation of future demand and potential supply chain volatility.



MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

Trade receivables as at 30 June 2023 was HK\$166.4 million (31 December 2022: HK\$159.3 million), reflecting stronger orders and revenue. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing its credit exposure.

LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

During the Period, the Group continued to maintain a healthy financial position amid the fluctuating macroenvironment. Bank and cash balances as at 30 June 2023 was HK\$141.8 million (31 December 2022: HK\$159.3 million). This was a result of the net cash inflow from operating activities of HK\$34.9 million, net cash outflow from investing activities of HK\$10.9 million, net cash outflow from financing activities of HK\$38.0 million, and the negative effect of foreign exchange rate changes of HK\$3.5 million. Most of the bank and cash balances were denominated in Hong Kong dollars (“HKD”), US dollars (“USD”) and RMB. As at 30 June 2023, total borrowings amounted to HK\$12.2 million (31 December 2022: HK\$38.5 million). The decrease in borrowings mainly represented net repayment during the Period. The net gearing ratio, which was calculated based on the amount of total borrowings divided by the total equity attributable to owners of the Company, was 0.02 (31 December 2022: 0.08). As at 30 June 2023, the Group had unutilised bank facilities of HK\$100.4 million.

HUMAN RESOURCES

As at 30 June 2023, the total number of full-time employees of the Group was 1,262 (31 December 2022: 1,226). The remuneration of employees was determined according to their experience, qualifications, result of operations of the Group and market condition. We offered senior management and key executives performance-based bonus and share options to reward and retain high-calibre employees. We also adopted commission and incentive plans to motivate and reward our sales and marketing team.

During the Period, staff costs including Directors’ emoluments amounted to HK\$96.7 million (1H2022: HK\$96.8 million), representing 26.8% (1H2022: 34.5%) of the Group’s revenue.

CAPITAL STRUCTURE

As at 30 June 2023, the issued share capital of the Company was approximately HK\$6.5 million (31 December 2022: approximately HK\$6.5 million), comprising 653,336,332 shares of the Company (the “Shares”) (31 December 2022: 653,336,332 Shares) of nominal value of HK\$0.01 per Share.

SIGNIFICANT INVESTMENT

As at 30 June 2023, the Company considered that the following equity investment at fair value through other comprehensive income 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	
				30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2023 (unaudited)	31 December 2022 (audited)
Inovytac	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\$2.9 million (equivalent to HK\$22.7 million)	US\$3.1 million (equivalent to HK\$24.5 million)	3.3%	3.4%

For additional information regarding the performance during the Period and prospects of the above significant investment, 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

- (a) On 28 June 2023, 廣東永勝醫療科技有限公司 (translated as “Guangdong Vincent Medical Technology Co., Limited”, “**VM Guangdong**”), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, has successfully won the bid for the land use rights of the land parcel situated in Area C, Tianhu 2nd Road North, Cuishanhu New District, Kaiping City, Jiangmen City, Guangdong Province, the PRC (the “**Land**”) through listing-for-sale by the Bureau of Land and Resources of Kaiping (開平市自然資源局) at the consideration of RMB28.2 million (equivalent to approximately HK\$30.5 million, the “**Consideration**”). The Group had paid RMB8.5 million (equivalent to approximately HK\$9.2 million) as deposit for the listing-for-sale of the Land, which formed part of the payment of the Consideration in relation to the acquisition of the land use rights of the Land. For details, please refer to the Company’s announcement dated 28 June 2023.

Subsequent to the date of the reporting period, VM Guangdong has entered into the relevant State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 5 July 2023 with the Bureau of Land and Resources of Kaiping in relation to the transfer of land use rights of the Land. The Group had settled the remaining balance of the Consideration of RMB19.7 million (equivalent to approximately HK\$21.3 million) on 7 July 2023 and obtained the real estate property certificate of the Land on 13 July 2023.

- (b) With effect from 25 July 2023, Dr. Leung Ming Chu (“**Dr. Leung**”) has been appointed as a non-executive Director. Dr. Leung has entered into a service agreement dated 25 July 2023 with the Company in respect of her appointment as a non-executive Director for an initial term of three years commencing from 25 July 2023. For details, please refer to the Company’s announcement dated 25 July 2023.

Saved as disclosed above, 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 2023, 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 30 June 2023, the Group did not have other contingent liabilities.



OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1.25 cents per Share (the “**Interim Dividend**”) for the Period (1H2022: Nil) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Monday, 11 September 2023, being the record date for ascertaining the Shareholders’ entitlement to the Interim Dividend. The Interim Dividend will be paid to the Shareholders on or around Friday, 29 September 2023.

The register of members of the Company will be closed from Thursday, 7 September 2023 to Monday, 11 September 2023, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish entitlements to the Interim Dividend, the Shareholders must lodge all transfer forms accompanied by the relevant share certificates 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 Harbour Road, Hong Kong no later than 4:30 p.m. on Wednesday, 6 September 2023.

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

As at 30 June 2023, 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**”)) as recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (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 on the Stock Exchange (the “**Listing Rules**”) were as follows:

Interests in Shares and underlying Shares

Name of Director	Name of the Group member/associated corporation	Capacity/Type of interest	Number of Shares (L) <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 8)</i>
Mr. Choi Man Shing (“ Mr. Choi ”)	The Company	Beneficial owner/ Interest of controlled corporations	392,187,890 Shares <i>(Note 2)</i>	60.03%
	VINCENT RAYA INTERNATIONAL LIMITED (“ VRI ”) <i>(Note 3)</i>	Beneficial owner	2,750 ordinary shares of US\$1.00 each	57.89%
		Interest of spouse <i>(Note 4)</i>	2,000 ordinary shares of US\$1.00 each	42.11%
Mr. Choi Cheung Tai Raymond (“ Mr. Raymond Choi ”)	The Company	Beneficial owner	11,200,000 Shares <i>(Note 5)</i>	1.71%
Mr. Koh Ming Fai (“ Mr. Koh ”)	The Company	Beneficial owner/ Interest of spouse	7,645,166 Shares <i>(Note 6)</i>	1.17%
Mr. Fu Kwok Fu (“ Mr. Fu ”)	The Company	Beneficial owner/ Interest of spouse	7,867,166 Shares <i>(Note 7)</i>	1.20%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or the underlying Shares or the shares in the share capital of the relevant associated corporation.
- (2) These interests represented:
 - (a) 9,998,000 Shares held by Mr. Choi, the Chairman and an Executive Director of the Company;
 - (b) 381,939,890 Shares held by 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) As at 30 June 2023, VRI was the holding company of the Company, and hence an associated corporation of the Company under Part XV of the SFO.
- (4) Ms. Liu Pui Ching ("**Ms. Liu**") holds 42.11% of the issued share capital of VRI. Since Ms. Liu is the spouse of Mr. Choi, Mr. Choi is deemed to be interested in all the shares in VRI in which Ms. Liu is interested by virtue of the SFO.
- (5) These interests represented:
 - (a) 9,200,000 Shares held by Mr. Raymond Choi, the Chief Executive Officer (the "**CEO**") and an Executive Director of the Company; and
 - (b) 2,000,000 options granted to Mr. Raymond Choi, 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) These interests represented:
 - (a) 4,941,166 Shares held by Mr. Koh, an Executive Director of the Company;
 - (b) 174,000 Shares held by the spouse of Mr. Koh. 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, 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) 2,001,166 options granted to Mr. Koh, 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.
- (7) These interests represented:
 - (a) 5,691,166 Shares held by Mr. Fu, an Executive Director of the Company;
 - (b) 396,000 Shares held by the spouse of Mr. Fu. By virtue of the SFO, Mr. Fu is deemed to be interested in all the Shares in which his spouse is interested;
 - (c) 528,834 options granted to Mr. 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
 - (d) 1,251,166 options granted to Mr. 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.
- (8) Approximate percentage of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 30 June 2023.



OTHER INFORMATION

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2023, 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).

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

As at 30 June 2023, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had an interest or a short position in the Shares or underlying Shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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	392,187,890 Shares (Note 2)	60.03%
VRI	Beneficial owner/Interest of a controlled corporation	382,189,890 Shares (Note 3)	58.50%

Notes:

- (1) The letter "L" denotes the person/entity's long position in the Shares or the shares in the share capital of the relevant associated corporation.
- (2) These interests represented:
 - (a) 9,998,000 Shares held by Mr. Choi. Mr. Choi is the spouse of 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% and Mr. Choi holds 57.89% of the issued share capital of VRI, respectively. 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 of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, 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 as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme adopted on 17 June 2016

The 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 on 16 June 2026 and the remaining life of the Pre-IPO Share Option Scheme as at the date of this report is around 3 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. A consideration of HK\$1.00 was payable by each grantee upon acceptance of the offer of the option. 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 2023, no share options were exercised in accordance with the terms of the Pre-IPO Share Option Scheme and no share options were cancelled or lapsed.

As at 30 June 2023, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme was 2,646,668 Shares, representing approximately 0.41% of the Company’s issued share capital as at 30 June 2023.

As at 23 August 2023, being the date of this report, no share options are available for issue under the Pre-IPO Share Option Scheme.



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	Exercise price (HK\$)	Number of Shares underlying the share options granted				Outstanding as at 30 June 2023
					Outstanding as at 1 January 2023	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Directors									
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	0.80	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	0.80	528,834	-	-	-	528,834
In aggregate					1,057,668	-	-	-	1,057,668
Senior management and other employees									
In aggregate	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	0.80	1,589,000	-	-	-	1,589,000
Total					2,646,668	-	-	-	2,646,668

Share Option Scheme adopted on 24 June 2016

The 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 “Share Option Eligible Participant(s)”) by granting options to them as incentives or rewards. 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 3 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.

The initial total number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and 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 Share Option 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.

For each of the grant of share options under the Share Option Scheme, a consideration of HK\$1.00 was payable by each grantee upon acceptance of an offer of the option. Any offer of option may be accepted in writing received by any Director or the secretary of the Company until 5:00 p.m. on the date specified in the offer provided that no such offer shall be open for acceptance after expiry of the scheme period or the termination of the Share Option Scheme. The vesting period of the option shall be determined by the Board at the time of the offer of the option. No performance targets were attached to share options granted under the Share Option Scheme.

The number of options available for grant under the existing scheme mandate of the Share Option Scheme as at 1 January 2023 and 30 June 2023 is 35,668 Shares and 35,668 Shares, respectively.

For the six months ended 30 June 2023, no options were granted pursuant to the Share Option Scheme. The Company has granted share options under the Share Option Scheme on 28 May 2018, 25 March 2019, 25 August 2021 and 13 June 2022, respectively. The last dates of acceptance and the closing prices of the Shares immediately before the respective dates on which the share options were granted are set out below:

Date of grant	Last date of acceptance	Closing price of the Shares immediately before the date on which the share options were granted HK\$
28 May 2018	8 June 2018	0.65
25 March 2019	4 April 2019	0.74
25 August 2021	8 September 2021	1.09
13 June 2022	27 June 2022	0.70

For the six months ended 30 June 2023, a total of 3,368,000 share options were lapsed in accordance with the terms of the Share Option Scheme and no share options were exercised or cancelled.

As at 30 June 2023, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Share Option Scheme was 29,222,332 Shares, representing approximately 4.47% of the Company's issued share capital as at 30 June 2023.

As at 23 August 2023, being the date of this report, the total number of share options available for issue under the Share Option Scheme was 35,668 Shares, representing approximately 0.0055% of the issued shares of the Company as at such date.



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	Exercise Price (HK\$)	Number of Shares underlying the share options granted					Outstanding as at 30 June 2023
					Outstanding as at 1 January 2023	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Directors										
Mr. To Ki Cheung (resigned on 1 January 2023)	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	0.80	1,000,000	-	-	-	(1,000,000)	-
Mr. Choi Cheung Tai Raymond (appointed on 1 January 2023)	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	1,000,000 (Note)	-	-	-	-	1,000,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	1,000,000 (Note)	-	-	-	-	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	0.80	1,500,000	-	-	-	-	1,500,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	-	-	-	-	501,166
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	0.80	750,000	-	-	-	-	750,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	-	-	-	-	501,166
In aggregate					6,252,332	-	-	-	(1,000,000)	5,252,332

Grantee	Date of grant	Vesting schedule	Exercise period	Exercise Price (HK\$)	Number of Shares underlying the share options granted					Outstanding as at 30 June 2023
					Outstanding as at 1 January 2023	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Senior management and other employees	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	0.80	4,200,000	-	-	-	-	4,200,000
	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	0.80	1,700,000	-	-	-	-	1,700,000
	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	9,148,000 (Note)	-	-	-	(2,088,000)	7,060,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	11,290,000 (Note)	-	-	-	(280,000)	11,010,000
In aggregate					26,338,000	-	-	-	(2,368,000)	23,970,000
Total					32,590,332	-	-	-	(3,368,000)	29,222,332

Note:

Mr. Raymond Choi was appointed as the CEO and an Executive Director of the Company on 1 January 2023. Therefore, the outstanding balance of 1,000,000 share options granted to him on 25 August 2021 and 1,000,000 share options granted to him on 13 June 2022 under the category of "Senior management and other employees" as at 1 January 2023 were disclosed in the category of "Directors", respectively.

SHARE AWARD SCHEME

The share award scheme (the "Share Award Scheme") was adopted by the Company on 2 December 2021 (the "Adoption Date"). The purposes of the Share Award Scheme are to through the Shares awarded or provisionally awarded (the "Award(s)" or "Award Share(s)") (a) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group. The Share Award Scheme will expire on 1 December 2031 and the remaining life of the Share Award Scheme as at the date of this report is around 8 years.



OTHER INFORMATION

The eligible participants of the Share Award Scheme (the “**Share Award Eligible Participants**”) include (a) any employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company, any subsidiary or any related entity; (b) any non-executive Directors (including independent non-executive Directors) of the Company, any subsidiary or any related entity; (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any related entity; and (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Share Award Scheme, the Award may be made to any company wholly owned by one or more of the above participants and any trust where the settlor is one of the above participants, but excluding the excluded participants.

Subject to the terms and conditions of the Share Award Scheme and the requirements of the Listing Rules, the Board or a duly authorised committee or other person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Scheme (the “**Committee**”) may, from time to time at its absolute discretion, select any Share Award Eligible Participants to participate in the Share Award Scheme as a selected participant, make an offer to the selected participants and grant Award Shares to such selected participants, and such Award Shares can be satisfied by (i) new Shares to be subscribed by the trustee (the “**Trustee**”) under the Company’s available general mandate or under a specific mandate approved or to be approved by the Shareholders; or (ii) Shares purchased by the Trustee in the open market as directed by the Board or the Committee.

Upon approval of any grant of Award(s) by the Board to any selected participant, the Board or the Committee shall notify a selected participant of the terms and conditions of any Award, including but not limited to any vesting schedule and vesting conditions relating to the performance of the Selected Participant or the Group, by an award notice. An Award shall be deemed to be irrevocably declined by a selected participant unless the selected participant shall within 5 Business Days (or if any, such other period as prescribed on the notice given to the Selected Participant as referred hereto) after receipt of such notice from the Board or the Committee notify the Company in writing that he would accept such Award. The vesting schedule is determined by the Board or the Committee at the time of the offer of the Award.

A detailed summary of the terms of the Share Award Scheme are set out in the Company’s announcement dated 2 December 2021.

As at 23 August 2023, being the date of this report, the total number of Shares which may be issued upon exercise of all Awards to be granted under the Share Award Scheme shall not in aggregate exceed 32,820,516 Shares, being 5% of the issued share capital of the Company as at the Adoption Date and approximately 5.02% of the issued share capital of the Company as at such date. The maximum number of Shares which may be subject to an Award or Awards made to a single selected Share Award Eligible Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date.

The number of Awards available for grant under the existing scheme mandate of the Share Award Scheme as at 1 January 2023 and 30 June 2023 is 32,820,516 Shares and 32,820,516 Shares, respectively.

During the Period, the Trustee purchased a total of 7,324,000 Shares for a total consideration of approximately HK\$3,273,000 (excluding all related expenses, transaction levy, brokerage, tax, duties and levies) on the market for the purpose of the Share Award Scheme. For details, please refer to the Company’s announcement dated 22 May 2023. As at 30 June 2023, the balance of number of Shares held by the Trustee is 10,000,000 Shares, representing approximately 1.53% of the Company’s issued share capital as at 30 June 2023.

During the Period and up to the date of this report, no Award has been granted to any Share Award Eligible Participants under the Share Award Scheme.

Further details of the share options and share awards are set out in Note 15 to the condensed consolidated financial statements of this report.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Since the date of the 2022 annual report and the announcement dated 25 July 2023 of the Company, the change of Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Name of Director	Details of change
Mr. Choi Cheung Tai Raymond	Appointed as an industrial advisor of the Intellectual Property Assessment Committee of The Hong Kong Polytechnic University with effect from 1 April 2023.

Saved for the above, there were no other changes to the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2022 annual report and the announcement dated 25 July 2023 of the Company.

The biographies of Directors are available in "About Us" section of the Company's website (www.vincentmedical.com).

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 (the "CG Code") as contained in Part 2 of 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 all the applicable code provision as set out in the CG Code throughout the Period and up to the date of this report.

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.

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.

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. Mr. Au Yu Chiu Steven is the chairman of the Audit Committee.



OTHER INFORMATION

The Group's unaudited consolidated interim results for the Period 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 2023 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 during the Period.

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 during 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 2023 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 (www.hkexnews.hk) and the Company (www.vincentmedical.com), respectively.

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

Hong Kong, 23 August 2023



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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 42 which comprises the condensed consolidated statement of financial position of Vincent Medical Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 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

23 August 2023



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	5	361,235	280,731
Cost of sales		(242,409)	(243,944)
Gross profit		118,826	36,787
Other income, other gains and losses		3,033	3,244
Selling and distribution expenses		(18,781)	(14,965)
Administrative expenses		(51,623)	(50,388)
Research and development expenses		(18,147)	(16,538)
Profit/(loss) from operations		33,308	(41,860)
Finance costs		(952)	(1,414)
Share of losses of associates		–	(374)
Share of profits of joint ventures		13	52
Profit/(loss) before tax		32,369	(43,596)
Income tax expense	6	(5,275)	(658)
Profit/(loss) for the period	7	27,094	(44,254)
Attributable to:			
Owners of the Company		26,600	(44,363)
Non-controlling interests		494	109
		27,094	(44,254)
Earnings/(loss) per share	9		
Basic		HK4.10 cents	(HK6.78 cents)
Diluted		n/a	n/a

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023



	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit/(loss) for the period	27,094	(44,254)
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")	(1,752)	(918)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(13,582)	(17,757)
Other comprehensive income for the period, net of tax	(15,334)	(18,675)
Total comprehensive income for the period	11,760	(62,929)
Attributable to:		
Owners of the Company	11,598	(62,129)
Non-controlling interests	162	(800)
	11,760	(62,929)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	Note	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	91,994	100,825
Right-of-use assets		12,777	21,283
Other intangible assets		5,930	7,712
Investments in associates		–	–
Investments in joint ventures		5,516	5,718
Equity investments at FVTOCI		22,723	24,475
Non-current deposits	12	23,783	16,086
Deferred tax assets		1,350	1,342
Total non-current assets		164,073	177,441
Current assets			
Inventories		173,743	174,032
Trade receivables	11	166,381	159,304
Contract assets		18,911	16,438
Prepayments, deposits and other receivables	12	25,092	40,143
Bank and cash balances		141,815	159,341
Total current assets		525,942	549,258
TOTAL ASSETS		690,015	726,699
EQUITY AND LIABILITIES			
Share capital		6,533	6,533
Reserves		500,963	491,478
Equity attributable to owners of the Company		507,496	498,011
Non-controlling interests		701	602
Total equity		508,197	498,613
Non-current liabilities			
Lease liabilities		3,128	5,100
Deferred tax liabilities		5,726	6,415
Total non-current liabilities		8,854	11,515
Current liabilities			
Trade payables	13	42,024	42,491
Other payables and accruals	14	85,847	97,244
Lease liabilities		10,146	16,792
Borrowings		12,169	38,500
Current tax liabilities		22,778	21,544
Total current liabilities		172,964	216,571
TOTAL EQUITY AND LIABILITIES		690,015	726,699
Net current assets		352,978	332,687
Total assets less current liabilities		517,051	510,128

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023



	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Treasury shares HK\$'000	Share-based payments reserve HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2022 (audited)	6,550	163,095	(197)	4,692	12,094	16,886	(3,552)	398,793	598,361	2,072	600,433
Total comprehensive income for the period	-	-	-	-	-	(16,848)	(918)	(44,363)	(62,129)	(800)	(62,929)
Shares issued under share option scheme	2	354	-	(145)	-	-	-	-	211	-	211
Repurchase of shares	-	-	(1,562)	-	-	-	-	-	(1,562)	-	(1,562)
Cancellation of shares	(19)	(1,740)	1,759	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	1,301	-	-	-	-	1,301	-	1,301
Dividend paid	-	-	-	-	-	-	-	(16,353)	(16,353)	-	(16,353)
Changes in equity for the period	(17)	(1,386)	197	1,156	-	(16,848)	(918)	(60,716)	(78,532)	(800)	(79,332)
At 30 June 2022 (unaudited)	6,533	161,709	-	5,848	12,094	38	(4,470)	338,077	519,829	1,272	521,101

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Shares held for share award scheme HK\$'000	Share-based payments reserve HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	6,533	161,709	(1,085)	7,486	12,094	(14,726)	(22,709)	348,709	498,011	602	498,613
Total comprehensive income for the period	-	-	-	-	-	(13,250)	(1,752)	26,600	11,598	162	11,760
Purchase of shares for share award scheme	-	-	(3,273)	-	-	-	-	-	(3,273)	-	(3,273)
Share-based payments	-	-	-	1,177	-	-	-	-	1,177	-	1,177
Acquisition of equity interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	-	(17)	(17)	17	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(80)	(80)
Changes in equity for the period	-	-	(3,273)	1,177	-	(13,250)	(1,752)	26,583	9,485	99	9,584
At 30 June 2023 (unaudited)	6,533	161,709	(4,358)	8,663	12,094	(27,976)	(24,461)	375,292	507,496	701	508,197



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	34,888	26,396
Deposit for acquisition of right-of-use assets	(9,165)	–
Purchases of property, plant and equipment	(2,126)	(4,622)
Other investing cash flows (net)	341	144
NET CASH USED IN INVESTING ACTIVITIES	(10,950)	(4,478)
Issues of shares	–	211
Repurchase of shares	–	(1,562)
Purchase of shares for share award scheme	(3,273)	–
Borrowings raised	2,262	26,500
Repayment of borrowings	(28,500)	(29,797)
Principal elements of lease payments	(8,369)	(8,478)
Dividend paid to non-controlling interests	(80)	–
Dividend paid to owners of the Company	–	(16,353)
NET CASH USED IN FINANCING ACTIVITIES	(37,960)	(29,479)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,022)	(7,561)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	159,341	173,167
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(3,504)	(1,614)
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY	141,815	163,992
Bank and cash balances	141,815	163,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023



1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 2022 annual financial statements. Except as described below, 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 2022.

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

The Group has adopted Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leasing transactions, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases applying the “integrally linked” approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the condensed consolidated statement of financial position because the balances qualify for offset under paragraph 74 of HKAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised. This disclosure will be provided in the annual financial statements.

The change in accounting policy will also be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2023.

In addition to the adoption of the above amendment to standards, in the current period, the Group has adopted all other new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. They do not have a material effect on the Group’s condensed consolidated interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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.

(a) Disclosures of level in fair value hierarchy at 30 June 2023:

Description	Fair value measurements as at 30 June 2023 (unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
Financial assets at FVTOCI				
– Unlisted equity securities	–	–	22,723	22,723

Description	Fair value measurements as at 31 December 2022 (audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
Financial assets at FVTOCI				
– Unlisted equity securities	–	–	24,475	24,475

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Financial assets at FVTOCI		
At 1 January	24,475	43,632
Total gains or losses recognised in other comprehensive income	(1,752)	(918)
At 30 June	22,723	42,714

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 2023



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 2023:

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 of the Company (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board 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 inputs	Fair value at 30 June 2023 HK\$'000 (unaudited)	Fair value at 31 December 2022 HK\$'000 (audited)
Unlisted equity securities classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	35% (31 December 2022: 35%)	Decrease	22,723	24,475
		Discount for lack of marketability	25% (31 December 2022: 25%)	Decrease		
		Long-term growth rate	2% (31 December 2022: 2%)	Increase		
Unlisted equity securities classified as financial assets at FVTOCI	Asset approach	Liquidation recovery rate of assets	26%-100% (31 December 2022: 26%-100%)	Increase	-	-

There were no changes in the valuation techniques used.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT INFORMATION

Information about reportable segment profit or loss:

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

Six months ended 30 June 2023

Revenue from external customers
Segment profit

Revenue from external customers	229,626	131,609	361,235
Segment profit	38,132	3,720	41,852

Six months ended 30 June 2022

Revenue from external customers
Segment profit/(loss)

Revenue from external customers	187,647	93,084	280,731
Segment profit/(loss)	17,867	(51,573)	(33,706)

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Total profit or loss of reportable segments	41,852	(33,706)
Interest income	341	144
Interest expenses	(952)	(1,414)
Share-based payments	(1,177)	(1,301)
Share of losses of associates	–	(374)
Share of profits of joint ventures	13	52
Unallocated corporate income	3,492	1,969
Unallocated corporate expenses	(11,200)	(8,966)
Consolidated profit/(loss) before tax	32,369	(43,596)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023



4. SEGMENT INFORMATION (CONTINUED)

Revenue from major customers:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
OEM segment		
Customer A	129,335	98,667
Customer B (Note)	n/a	33,010

Note:

Revenue from customer B represented less than 10% of the Group's revenue for the six months ended 30 June 2023.

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)					
	OEM		OBM		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
By product category						
Respiratory products	28,177	34,088	127,407	87,955	155,584	122,043
Imaging disposable products	125,721	92,555	–	–	125,721	92,555
Orthopaedic and rehabilitation products	30,813	30,039	4,202	5,129	35,015	35,168
Other products	44,915	30,965	–	–	44,915	30,965
	229,626	187,647	131,609	93,084	361,235	280,731



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE (CONTINUED)

	Six months ended 30 June (unaudited)					
	OEM		OBM		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
By geographical market						
The United States	120,725	153,656	2,795	1,974	123,520	155,630
The People's Republic of China (the "PRC")	–	–	82,116	38,630	82,116	38,630
Spain	59,646	4,646	378	463	60,024	5,109
Japan	6,379	6,330	18,949	20,568	25,328	26,898
Costa Rica	11,168	8,542	–	–	11,168	8,542
The Netherlands	10,105	7,735	535	–	10,640	7,735
Australia	8,487	40	406	542	8,893	582
Sweden	3,864	2,070	–	–	3,864	2,070
Mexico	–	–	3,761	869	3,761	869
Others	9,252	4,628	22,669	30,038	31,921	34,666
	229,626	187,647	131,609	93,084	361,235	280,731
By timing of revenue recognition						
Products transferred at a point in time	103,905	95,092	131,609	93,084	235,514	188,176
Products transferred over time	125,721	92,555	–	–	125,721	92,555
	229,626	187,647	131,609	93,084	361,235	280,731

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Receivables, which included in "trade receivables"	166,381	159,304
Contract assets	18,911	16,438

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 2023



6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax - Hong Kong Profits Tax		
Provision for the period	2,091	251
Under-provision in prior years	299	–
	2,390	251
Current tax - the PRC		
Provision for the period	2,289	66
Under-provision in prior years	288	–
	2,577	66
Current tax - Others		
Provision for the period	870	1,425
Under-provision in prior years	–	959
	870	2,384
Deferred tax	(562)	(2,043)
Income tax expense	5,275	658

Under the two-tiered profits tax regime, the first HK\$2.0 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% (six months ended 30 June 2022: 16.5%).

PRC Corporate Income Tax has been provided at tax rates ranging from 15% to 25% for the six months ended 30 June 2023 (six months ended 30 June 2022: 15% to 25%).

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Allowance for inventories (included in cost of sales)	2,486	43,187
Amortisation	1,764	1,758
Cost of inventories sold	239,118	200,757
Depreciation of property, plant and equipment	9,817	10,503
Depreciation of right-of-use assets	8,265	8,799
Directors' emoluments	3,507	3,528
Equity-settled share-based payments	1,177	1,301
Exchange (gains)/losses, net (included in other gains and losses)	(2,626)	1,615
Gain on disposal of other intangible assets (included in other gains and losses)	–	(621)
Impairment of trade receivables (included in other gains and losses)	800	–
Staff costs including directors' emoluments	96,692	96,759
Write off of inventories (included in cost of sales)	805	–
Write off of property, plant and equipment (included in other gains and losses)	7	86

8. DIVIDEND

The Board has resolved to declare an interim dividend of HK1.25 cents per share for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

In celebration of the Company's 25th anniversary, the Board has resolved to declare a special dividend of HK2.5 cents per share for the six months ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023



9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	26,600	(44,363)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	648,023	654,153
Effect of dilutive potential ordinary shares arising from share options issued by the Company (<i>Note</i>)	n/a	n/a
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	n/a	n/a

Note:

During the six months ended 30 June 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. The effect of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2022.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$3,803,000 (six months ended 30 June 2022: HK\$4,622,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0 to 30 days	57,708	63,197
31 to 60 days	42,916	41,475
61 to 90 days	25,402	23,273
Over 90 days	40,355	31,359
	166,381	159,304

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Deposit for acquisition of right-of-use assets (<i>Note</i>)	9,165	–
Deposits for purchases of goods	17,428	22,927
Deposits for purchases of property, plant and equipment	13,041	14,718
Prepaid expenses	2,604	2,964
Rental and other deposits	2,364	2,793
Value-added tax and other receivables	4,273	12,827
	48,875	56,229
Less: Non-current deposits	(23,783)	(16,086)
	25,092	40,143

Note:

The balance represents security deposit paid to Jiangmen Public Resources Trading Centre* (江門市公共資源交易中心) to bid for the land use rights of a land located in Kaiping City, Jiangmen City, Guangdong Province, the PRC through listing-for-sale by the Bureau of Land and Resources of Kaiping.

* For identification purposes only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023



13. TRADE PAYABLES

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0 to 30 days	22,563	24,012
31 to 60 days	7,119	8,170
Over 60 days	12,342	10,309
	42,024	42,491

14. OTHER PAYABLES AND ACCRUALS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Accrued staff costs	32,762	34,564
Other accrued expenses	4,398	6,589
Other payables	14,611	16,909
Provision for warranties	2,093	2,141
Contract liabilities	31,983	37,041
	85,847	97,244



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. SHARE OPTION AND SHARE AWARD SCHEMES

(a) 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 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 “Listing Date”)	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 2023



15. SHARE OPTION AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (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 and at the end of the period	2,646,668	0.80
Exercisable at the end of the period	2,646,668	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 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 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.

On 25 August 2021, the Group further granted 11,788,000 share options with exercise price of HK\$1.14 per share to certain employees. 25% of the options will vest on each of 25 August 2022, 2023, 2024 and 2025 respectively and will be exercisable from each of 25 August 2022, 2023, 2024 and 2025 respectively to 23 June 2026.

On 13 June 2022, the Group further granted 13,392,332 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 13 June 2023, 2024, 2025 and 2026 respectively and will be exercisable from each of 13 June 2023, 2024, 2025 and 2026 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 consultants leave the Group.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. SHARE OPTION AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (continued)

Share option scheme adopted on 24 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	32,590,332	0.91
Lapsed during the period	<u>(3,368,000)</u>	1.01
Outstanding at the end of the period	<u>29,222,332</u>	0.89
Exercisable at the end of the period	<u>13,418,083</u>	0.85

(b) Share award scheme

A share award scheme (the "Share Award Scheme") was approved and adopted on 2 December 2021. The purposes of the Share Award Scheme are (i) to recognise and reward the contribution of certain eligible participants (including director, employee, advisor, consultant and any other parties who have contributed or may contribute to the growth and development of the Group) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme will expire on 1 December 2031.

The Group may, from time to time at its absolute discretion, select any eligible participants for participation in the Share Award Scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

During the period, no award was granted under the Share Award Scheme.

Details of the movement of the shares held for share award scheme during the period are as follows:

	Number of shares	HK\$'000
Acquisition of shares by a trust and balance at 31 December 2022 (audited)	2,676,000	1,085
Acquisition of shares by a trust	<u>7,324,000</u>	<u>3,273</u>
Balance at 30 June 2023 (unaudited)	<u>10,000,000</u>	<u>4,358</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023



16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Administrative service fee paid to a related company (Note)	–	126
Catering service fee paid to a related company (Note)	814	869
Metal supplies and processing service fee to a related company (Note)	4,706	4,940
Purchases of goods from related companies (Note)	458	3,151
Rental expenses paid to related companies (Note)	6,639	7,062
Sales of goods to an associate	13,987	4,648
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables from an associate	16,606	10,614
Other payables to related companies (Note)	9,627	11,947
Other receivables from a related company (Note)	88	88
Other receivables from an associate	336	336

Note:

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

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2023 (At 31 December 2022: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. CAPITAL COMMITMENTS

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Property, plant and equipment	6,156	7,432

19. EVENTS AFTER THE REPORTING PERIOD

- (a) On 28 June 2023, an indirect wholly-owned subsidiary of the Company won the bid for the land use rights of a parcel of land located in Kaiping City, Jiangmen City, Guangdong Province, the PRC. Details please refer to the Company's announcement dated 28 June 2023.

Subsequent to the date of the reporting period, the subsidiary has entered into State-owned Construction Land Use Rights Grant Contract* (國有建設用地使用權出讓合同) with the Bureau of Land and Resources of Kaiping in respect of the transfer of the land use rights. The remaining balance of the consideration amounting to RMB19.7 million (equivalent to HK\$21.3 million) has been settled and the real estate property certificate has been obtained. The deposits paid as at 30 June 2023 would be transferred as part of the right-of-use assets.

* For identification purposes only

- (b) On 25 July 2023, the Company appointed Dr. Leung Ming Chu as a non-executive director of the Company. Details please refer to the Company's announcement dated 25 July 2023.

20. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board on 23 August 2023.