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北京市春立正達醫療器械股份有限公司

Beijing Chunlizhengda Medical Instruments Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liabilities)

(Stock Code: 1858)

**UPDATE OF A SHARE OFFERING
FINANCIAL INFORMATION IN RELATION TO
PROSPECTUS OF A SHARE OFFERING AND
RESUMPTION OF TRADING**

This announcement is made by Beijing Chunlizhengda Medical Instruments Co., Ltd.* (the “**Company**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcements of the Company dated 3 November 2015, 22 April 2020, 5 June 2020, 22 December 2020 and circular of the Company dated 24 July 2020 respectively which include, among other things, matters related to the proposed A Share offering by the Company (the “**A Share Offering**”). Unless otherwise defined, capitalized terms used in this announcement shall have the meanings as defined in the above announcements and circular.

The full text of the “Prospectus of Beijing Chunlizhengda Medical Instruments Co., Ltd.* for the Initial Public Offering and Listing of the A Shares on the Science and Technology Innovation Board (Submission Proof)” (Updated Proof) (《北京市春立正達醫療器械股份有限公司首次A股公開發行股票並在科創板上市招股說明書(申報稿)》(更新稿)) (the “**Updated Submission Proof A Share Prospectus**”) issued by the Company in connection with the application for the listing of its A shares will be published on the website of the Review and Approval of the Issuance and Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (<http://kcb.sse.com.cn>) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The summary of the consolidated financial statements (the “**Consolidated Financial Statements**”) of the Group for the three months ended 31 March 2021 (the “**Relevant Period**”) and the major operating conditions of the Group are set out in “II. Key Financial Data and Operating Conditions after the Ending Date of the Audited Financial Report” under “Important Notice” and “XVII. Key Financial Data and Operating Conditions after the Ending Date of the Audited Financial Report” under “Section VIII – Financial Accounting Information and Management Analysis” in the Updated Submission Proof A Share Prospectus. The Consolidated Financial Statements prepared in accordance with the Group’s accounting policies under the China’s Accounting Standards for Enterprises are unaudited but have been reviewed by WUYIGE Certified Public Accountants LLP.

The key financial data of the Company’s consolidated balance sheet as of 31 March 2021, consolidated income statement, consolidated statement of cash flows and statement of non-recurring profit or loss for the three months ended 31 March 2021 prepared in accordance with the China’s Accounting Standards for Enterprises, and the major operating conditions of the Group are as follows:

1. KEY DATA OF CONSOLIDATED BALANCE SHEET

Unit: RMB0’000

Item	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	Change rate
Total assets	160,356.15	122,667.03	30.72%
Total liabilities	45,549.13	38,643.76	17.87%
Owners’ equity	114,807.03	84,023.27	36.64%
Equity attributable to the owners of the parent company	114,807.03	84,023.27	36.64%

2. KEY DATA OF CONSOLIDATED INCOME STATEMENT

Unit: RMB0’000

Item	January to March 2021 (Unaudited)	January to March 2020 (Unaudited)	Change rate
Operating revenue	22,662.42	15,772.22	43.69%
Operating cost	5,664.50	5,207.12	8.78%
Operating profit	8,252.15	3,838.86	114.96%
Total profit	8,238.80	3,837.63	114.68%
Net profit	6,848.19	3,364.21	103.56%
Net profit attributable to the owners of the parent company	6,848.19	3,364.21	103.56%
Net profit attributable to the owners of the parent company after deduction of non-recurring profit or loss	6,763.79	3,056.27	121.31%

3. KEY DATA OF CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: RMB0'000

Item	January to March 2021 (Unaudited)	January to March 2020 (Unaudited)	Change amount
Net cash flows from operating activities	1,056.52	-3,215.13	Year-on-year increase of \$42,716,600
Net cash flows from investing activities	-5,044.86	-466.27	Year-on-year decrease of \$45,785,900
Net cash flows from financing activities	0.00	-150.00	Year-on-year increase of \$1,500,000
Net increase in cash and cash equivalents	-3,983.94	-3,775.86	Year-on-year decrease of \$2,080,800

4. KEY DATA OF STATEMENT OF NON-RECURRING PROFIT OR LOSS

Unit: RMB0'000

Item	January to March 2021 (Unaudited)
Profit or loss from disposal of non-current assets (including the portion offset by the provision for the impairment of assets)	0.82
Government subsidies recognised in current profit or loss (that is closely related to the Company's business, excluding those of fixed quotas and amounts granted under the national unified standards)	113.77
Other non-operating income or expenses in addition to the above items	-13.35
Impact of income taxes	-16.84
Total	84.40

5. MAJOR OPERATING CONDITIONS

From January to March 2021, the Company achieved (i) operating revenue of RMB226,624,200, representing a year-on-year increase of 43.69%; (ii) net profit attributable to the shareholders of the parent company of RMB68,481,900, representing a year-on-year increase of 103.56%; and (iii) net profit attributable to the shareholders of the parent company after deduction of non-recurring profit or loss of RMB67,637,900, representing a year-on-year increase of 121.31%.

The Company's operating revenue increased significantly from January to March 2021 as compared to that of the corresponding period of the previous year, primarily because the Company's results from January to March 2020 were affected by the pandemic. In terms of the production and operation conditions of the Company in 2020 and 2021, the impact of the pandemic on the Company was mainly temporary and phased. With the pandemic substantially under control in China, the sales of the Company's joint prosthesis products and spinal implant products have improved, leading to a more significant growth in the Company's results in the first quarter of 2021.

The Company's operating profit from January to March 2021 was RMB82,251,500, representing a large increase of RMB38,388,600 of the corresponding period of the previous year. Apart from the factors affected by the pandemic in the first quarter of 2020, it was mainly due to the following: firstly, as compared to January to March 2020, the Company's share of revenue from the sales in two-invoice regions and direct sales with higher gross margin level increased, and the share of revenue from overseas sales with lower gross margin level decreased in the corresponding period in 2021; secondly, from 2020 onwards, some of the Company's major raw materials such as cobalt blanks and titanium blanks have gradually sourced from self-production instead of external procurement, while the decrease in the unit price for purchasing certain raw materials has led to a decrease in the Company's material costs; thirdly, the purchase price of outsourced spray paint manufacturers has decreased and the Company has increased the share of outsourced domestic manufacturers in the spray painting segment, resulting in a gradual reduction in outsourcing costs.

The Company's net cash flow from operating activities from January to March 2021 changed to RMB10,565,200 from -RMB32,151,300 of the corresponding period of the previous year, mainly due to better business returns as compared to that of the corresponding period of the previous year as the impact of the pandemic reduced and the Company's business scale expanded.

As of the date of the Updated Submission Proof A Share Prospectus, the major operating conditions of the Company were normal, and operating results were stable. There's no material changes in the Company's operation model, procurement model and purchasing price of major raw materials, sales model and sales price, composition of major customers and suppliers, taxation policy and others aspects, and there's no material matters that may affect the judgement of investors.

The above English version of the summary of the Consolidated Financial Statements and the major operating conditions of the Company is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

RESUMPTION OF TRADING

At the request of the Company, trading of H Shares of the Company was halted with effect from 11:04 a.m. on Tuesday, 22 June 2021. Application has been made by the Company to The Stock Exchange of Hong Kong Limited for the resumption of trading of the H Shares of the Company with effect from 9:00 a.m. on Wednesday, 23 June 2021.

As the A Share Offering is subject to certain conditions precedent, it may or may not proceed to completion and the shareholders and potential investors are advised to exercise caution when dealing in the H shares of the Company. Further announcements will be published by the Company as and when appropriate in respect of any material development relating to the A Share Offering. This announcement appears for information purposes only and does not constitute an invitation or an offer to acquire, purchase or subscribe for the securities of the Company.

By order of the Board
Beijing Chunlizhengda Medical Instruments Co., Ltd.*
Shi Chunbao
Chairman

Beijing, the PRC, 22 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Shi Chunbao, Ms. Yue Shujun and Mr. Xie Feng Bao; the non-executive director of the Company is Mr. Wang Xin; and the independent non-executive directors of the Company are Mr. Ge Changyin, Mr. Wong Tak Shing and Mr. Weng Jie.

* For identification purposes only